# Water problems stifle progress

Public Utilities (T-H) Sullivan Daily Times 6-13-79

BY PAMELA A. NOLAN
Times Reporter

With the purchase option for the northside site of a proposed 25-acre industrial park ending in two weeks, no agreement has been reached for the laying of a water line to the site.

Sullivan Mayor William Donnelly, Vice President of the Sullivan Business Development Corporation K. F. Smith, Treasurer of that organization Robert L. Foutch and a water consultant, Robert Carr, met Tuesday morning with J. E. Sauer, plant manager of the Terre Haute Water Works Corporation, R. L. Baas, water works operations manager and J. W. Wilner, water works regional engineer.

The president and vice president of the plastics industry interested in locating on the city's north side reportedly flew in from New Jersey to attend the meeting at the water company's Terre Haute office.

The two sides came away from the session with differing conclusions.

Robert Foutch, treasurer of the Sullivan Corporation, and Mayor Donnelly both said the water company had turned down the idea of extending the water line, meaning the loss of the New Jersey industry.

While no decision was made, the Sullivan folks took the lack of definite figures on cost, pipe length and route availablity to mean that the water company wasn't interested in the venture.

"If they were really concerned about cooperating, they would have had their ballgame ready today (Tuesday)," Foutch said.

Water company officials, Foutch said, told the Sullivan group that a waterline extension would be "unprofitable because Sullivan isn't growing."

The treasurer said, "Everything else is complete. We've got all the funding," but he added, "We can't do anything without the water and the water company will not perform."

The funds he was referring to are a $65,000 federal grant for sewer installation, a $48,000 five percent loan for the sewer and water, $93,500 in a non-revokable letter of credit from the company intent on locating north of town plus local dollars raised through the sale of certificate notes.

"If we lose this (the water) we lose all our grants and our loan commitments," Foutch said. "The water company is depriving the community of jobs (and) future growth."

Foutch said there are two possible alternatives to the water problem. A holding tank or a pond could be installed, but there's not enough time to do the latter, he said.

The end results of the meeting, in the eyes of the Sullivan officials, was that no further studies were to be made, no future meeting was scheduled, no mention of a deposit agreement was made nor were any specific plans laid down by the water company.

Not so, says J. E. Sauer, plant manager of the water company.

He said his engineers would be going back to revaluate the whole idea. Then, in the next two weeks, have alternate routes and prices available for study.

There are two services which the line would be rendering.

The first service, general use service, is no problem, but meeting fire flow requirements is much harder to do, Sauer said.

The latter would cause a big change in the Sullivan water system, he said. Because of this, the company's engineers need time to consider the job from all angles, he said.

"Considerably greater" amounts of money are involved in supplying the proper fire flow requirements than is necessary for simple general use service.

Sauer said the company's engineers had only looked over the project during the week prior to Tuesday's meeting. The first time he was contacted about the northside site was May 18, he said.

Sullivan officials said the water company was first contacted in January.

As to whether a rate increase locally would be involved, Sauer said it depended on whether the job was done on some type of deposit agreement or not.

He explained that such an agreement would call for the Sullivan Business Development Corporation to pay a deposit to cover the running of the line north to the site. Then based on the percentage of the revenues coming back

Smith said "For seven years we have had problems with them (the water company), and every member of this council is fed up with it."

Donnelly said the local business development committee and the water company have two weeks to solve the problems before losing the potential industry.

In other matters, the council gave permission to Clerk-Treasurer Freda Hoffner to advertise for the additional appropriation of $12,000 for insurance payments due for the rest of the year. The appropriation will be voted on at a future meeting.

The Mayor reported that the new fire truck had been purchased and was in use. He said that with the upgrading of the fire department in the past three years, he would be looking into the possibilities of getting a better fire insurance rating for the city, which could bring down insurance costs.

Donnelly also informed the council the police department had hired Jerry Timms, a city native, as a police officer. He replaces Jerry Ring, who retired this spring after 20 years of service.

Community Affairs File

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# An Editorial

## Time for the water company to do its part

There are many components necessary in preparing a city for industrial development, but the citizens of Sullivan have expressed support for such efforts. They want to see the area grow.

The population of both the city and county has decreased steadily over the past decade, but it is now showing signs of stabilizing. In order to begin growing again, it will take the effort and cooperation of many people.

A major step toward bringing new industry to Sullivan was taken early this year by a local committee, the Sullivan Business Development Corporation. Their effort , totally voluntary, has led the city to the brink of landing a small manufacturing firm on the outskirts of town.

The presence of such an industry, although not expected to create a dramatic economic turnaround here, would set the stage for further industrial development in the city and show industrialists seeking possible plant sites that the people of Sullivan want to see their community grow and are willing to cooperate with any corporation's intent of choosing a site.

The upturn in our economy must start somewhere, and we at The Times support the efforts of the city and industrial development committee in bringing this new industry to the area.

It appears only one snag remains...providing a sufficient water supply for fire protection to the proposed plant site north of the city.

So much time and effort has gone into bringing this industry to Sullivan that it would be tragic for all of us to have it slip away now. But it is no longer in anyone's hands except the Terre Haute Water Works Corporation.

THWWC came to Sullivan several years ago to begin building up a badly worn water system. The citizens, as well as city officials, have cooperated with the company throughout the years in its efforts to repair numerous water lines. The city has made every effort to understand the magnitude of the problem facing the company, and be patient with them.

Perhaps it is time for the water company to return that concern and understand that their support and cooperation is most vital toward the future of this city.

Terre Haute Water Works Corporation has two weeks to prepare a workable and reasonable plan for providing an adequate water supply to the industrial site.

We agree that such an effort may be above and beyond the normal responsibilities the company has to the city and its citizens. But many persons have already done their party by putting in countless hours of personal time in the hopes of getting industrial development off to a good start.

We at The Times believe the time has come that the Terre Haute Water-Works Corporation do their part in promoting the growth of our city.

Sullivan Daily Times 7-31-79

# Water company seeks rate hike for Sullivan service

Public Utilities (TH)

Sullivan County residents may soon be paying $3.62 more per month to the Terre Haute Water Works Corporation if a rate increase request made by the corporation today to the Indiana Public Service Commission (IPSC) is approved.

The announcement of the rate request came in a news release from Joseph E. Sauer, manager of the Terre Haute Water Works Corporation.

Sauer said the rates proposed by the company will increase residential water service costs in the Sullivan District from $6.46 to $10.08 per month or appoximately 12 cents a day for average users.

Minimum usage residential customers can expect an increase from $4.84 to $4.89 per month or approximately five cents a month more, he said.

The company defines a minimum residential user as one who uses 1,900 gallons or less per month.

In addition to the rate changes, the company is proposing that the reconnection charge, following discontinuance of service for non-payment, be increased from $3 to $5 and that a charge of $4 be assessed to cover the cost of processing checks returned by banks due to insufficient funds.

Sauer said the proposed rates are predicated on a cost of service study. The company ordered this study to determine that customers served would be charged the appropriate cost depending on the volume and type of service.

While the company's annual revenues are requested to increase approximately 27 percent or nearly $116,000, the different rate blocks and minimum charges change by varying amounts.

In his news release, Sauer explained that the IPSC conducts thorough studies. including public hearings, on proposed rate increases for municipal and investor-owned utilities.

Any Hoosier public utility cannot change rates for service until the new rates are approved by the Public Service Commission.

The average Sullivan customer will be paying slightly higher rates than those being sought for his counterpart in Terre Haute. There only a $1.96 monthly increase for the average user is being sought by the water company.

Local customers can also expect one more thing from the water company—a letter explaining the corporation's actions and what will happen to rates if IPSC approves the request.

Sauer stressed the fact that the proposed increase was in no way connected with the new industry which has announced its intention to locate in Sullivan.

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# Water company calls for public meeting

Public Utilities (T.H) Sullivan Daily Times 6-20-79

By MAX JONES
Times Editor

The Terre Haute Water Works Corporation, which serves consumers in the Sullivan area, is conducting a public meeting Thursday at 7:30 p.m. in the Public Service Indiana Community Room (old U.S. 41 north of the city limits), for discussion of water supply to a potential industrial site north of the city.

In addition, the water corporation has purchased advertising space on page 6 of today's issue of The Times explaining certain facets of the water supply problem and requesting citizen input into the matter through completion of a questionnaire.

In the advertisement, the water company states, "The current problem stems from the fact that fire flow requirements the (potential) industry needs in order to receive a favorable insurance rate exceed the flow available. In order to provide the required fire flows, an investment of approximately $200,000 would be needed to install a main line to the north end of the system. Since the area is being adequately served at this time, this investment would be made to provide favorable insurance rates for the industry and could result in an increase in water rates of approximately 14 percent."

A local committee, the Sullivan Business Development Corporation, has been working for the past six months to secure an east coast manufacturing firm at an industrial site near Pigg Implement on the east side of old 41. Committee members say that the only obstacle remaining in securing the firm is providing adequate water pressure for fire protection.

Robert L. Baas, operations manager for the Terre Haute Water Works Corporation, said the average residential water bill in Sullivan for 1978 was $89, or $7.41 per month.

If a 14 percent rate increase was added to the local water consumer's bill, it would mean an extra $1.04 per month, or $12.48 on the average residential bill.

Baas pointed out that many elderly persons live in Sullivan and rarely use over the minimum of water per month, which tends to reduce the average bill statistic.

The last rate increase granted the water company in Sullivan was in February, 1977. Baas said the company is continually evaluating the local water system and does plan some rejuvenation of lines here in the next few years. However, he said there has been no definite decision made on which lines would be replaced or when a rate increase would be sought to complete the work.

Baas said the company does recognize weaknesses in the northern portion of the Sullivan system, and that the corporation has in the past discussed extension to the north.

Attending the public meeting Thursday evening will be Baas, Ron Moon, Vice President of the Terre Haute Water Works Corporation and an officer in the American Water Works Service Company from Richmond, and Tom Rowe, business manager for the Terre Haute water company.

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# Water rate increase opposed

Public Utilities (T, H)

Sullivan Daily Times
6-21-79

By MAX JONES
Times Editor

The Sullivan Business Development Corporation, a committee made up of local businessmen to promote economic growth in the community, issued a statement today that they oppose any increase in water rates in order to provide an adequate fire protection water supply to an industrial site north of the city.

The committee has been working since early this year to bring an east coast manufacturing firm to the industrial site. A federal grant, low-interest loan, and private investment money have been obtained to secure the deal, but only sufficient water supply for fire protection remains in the way of obtaining the industry.

The Terre Haute Water Works Corporation, in a paid advertisement in Wednesday's Times, said in order to supply the necessary water for fire protection to the industrial site it would have to build a 12-inch water line from Washington Street (in the center of town) to the northern boundary of the city.

The cost of such an extension, say water company officials, would be about $200,000, which would translate into a 14 percent rate increase for local water consumers.

Industrial committee member Larry Thomas said his group would attend a public meeting today at 7:30 p.m. in the Public Service Indiana Community Room (old 41 north of the city) as opponents of the rate increase option.

In today's statement, Thomas said, "We the Sullivan Business Development Corporation are opposed to a 14 percent water rate increase to the citizens of Sullivan to bring a proposed industry to the city. Had we been aware of the cost figure of $200,000 before now, we would have recognized the fact that is not a reasonable option."

Thomas continued. "At no time have we asked the water company to build a water line to the industry at any cost. We have asked only that different options or alternate routes be supplied to us and the proposed industry for consideration. The only cost projection we have ever received from the water company is what we read in Wednesday's issue of the Sullivan Daily Times, that price being $200,000. Our committee does not have the money for such a project, and we would not ask the citizens of Sullivan to pay for such a project."

"Our question to the water company," Thomas continued, "has always been whether or not water could be brought to the industrial site to meet the needs of the interested industry. We recognize those needs have changed because of fire requirements, as the water company points out. But we have continued to ask if it is possible to loop the current system with a six inch line coming from Sullivan Heights subdivision with the six inch line going north on old 41, bringing the two lines together in hopes of running them to the industrial site to meet the water needs.

"Our own consultants, who have experience in the water business, say this is possible, so we have kept on pursuing it. We do have the funds available to pay for such an extension without placing any burden on Sullivan's citizens. Although the water company promised they would look into our question, we were never given an answer."

Thomas said his committee feels the water company "has made this an issue of a water rate increase for Sullivan residents instead of an issue of industrial development for the growth of the city. But it would have never come about if the committee would have received some of the answers before they were published in the newspaper by the water company."

If the 12 inch water line from the center of Sullivan is the only option available to the committee, then Thomas said both his group and the industry would recognize the fact that the possibility of constructing a manufacturing firm here does not exist.

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Community Affairs File

Public Utilities (T&H)
Sullivan Daily Times 6-22-79

# Answers promised for Monday

By MAX JONES
Times Editor

Officials of the Terre Haute Water Works Corporation, who conducted a public meeting in Sullivan Thursday night concerning water supplies to a potential industry at a site north of the city, promised local industrial development officials and the public that they would have an answer about optional plans on Monday.

Ron Moon, Vice President of the Terre Haute Water Works Corporation and an officer of the American Water Works Service Company in Richmond, left the meeting at the Public Service Indiana building after about two hours of discussion to telephone the company's engineering consultant.

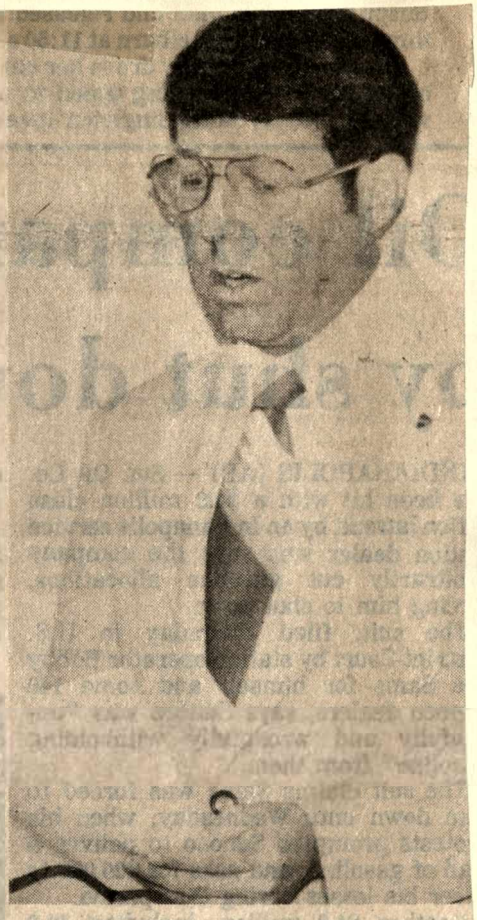
He returned a short time later and told the approximately 75 people attending that "I have talked to our engineer. He has started work and will be running some additional tests. I assure you we will have an answer Monday morning."

The answer promised to city officials concerns a suggested looping system which could possibly supply enough water pressure for fire protection to the industrial park near Pigg Implement. That option, according to city consultants, would be considerably cheaper than one proposed by the water company that would cost $200,000 and mean a 14 percent rate increase for the citizens of Sullivan.

Members of the Sullivan Business Development Corporation issued a statement early in the meeting that they opposed any option which would result in a rate increase to Sullivan water consumers. In addition, they said the potential industry which has expressed interest in the site would not consider such an option.

Robert L. Baas, Operations Manager for Terre Haute Water Works, said the project which would cost $200,000 and mean a rate increase was only one facet of the total evaluation.

"Concerning the loop system, that's been in the hands of our engineers," Baas said. "We're looking at all angles of this."



K.F. Smith reads statement of committee

The local industrial development committee has been working since early this year to bring an east coast manufacturing firm to Sullivan. Committee officials say the only obstacle before securing the industry is providing an acceptable plan to get adequate water pressure for fire protection to the site.

Committee members, after a meeting last week with the water company, charged water works officials with dragging their feet on the matter and being apathetic toward the needs for economic development.

Water company representatives responded to the charges saying they were unwarranted and unfair. Moon emphasized in his opening statements at Thursday's meeting that the water corporation does maintain a great interest in community development.

"The water company is vitally interested in the economic growth of the community. What concerns us is the avenues this development takes. We have rules and regulations to go by," Moon said. "We will do everything in our power to assist any group which wants to develop an area. We do not feel the development of one area, however, should be at the expense of another. That is what prompted the open letter this week in the Sullivan Daily Times, and this meeting."

Prior to Moon's announcement that an answer concerning the loop system option would be available Monday, one person attending asked him if he thought the city had any hope of getting the problems of water supply for fire protection resolved.

"I think we do (have hope)," said Moon. "We'll do all we can."

Discussion during the public meeting was intense and did not always stay on the subject of industrial development. Long standing criticisms about road cuts by water company contractors, leaving of construction projects unfinished for long periods of time, and alleged unreasonable prices of getting water lines constructed to new homes were among topics brought up.

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Water co. vice president Ron Moon speaks to the crowd.

# Terre Haute Water Works

Sullivan Daily Times 6-19-79 Public Utilities (T.

# officials reply to local criticism

By MAX JONES
Times Editor

Officials of the Terre Haute Water Works Corporation, which serves over 2,000 customers in Sullivan, says criticism it received last week from the Sullivan Business Development Corporation was unwarranted and unfair.

The water company was charged with being apathetic and unconcerned about efforts to settle a water supply problem for fire protection to an industrial site north of the city limits.

Members of the local committee promoting industrial development at the site say providing sufficient water pressure for fire protection is the only obstacle remaining before an east coast manufacturer would break ground for a plant at the site.

If the requirements can't be met, committee members say, the industry will most likely go elsewhere to build the plant.

J. E. Sauer, plant manager of the Terre Haute Works Corporation, and R. L. Baas, operations manager of the water company, were in Sullivan Monday to reply to the charges.

Sauer said it is his opinion that there has been a breakdown in communications between the utility and the local committee, and that his company has been made to look like they were cause of it.

"We are definitely interested in the growth of Sullivan. We've been made to look like we don't care, but we do," said Sauer. "You have to look at the improvements we've made since purchasing the system. I think we've done a lot here, and if people would be honest with themselves they could see that."

City officials last week were quoted as saying the water company has dragged its feet in the water supply matter. The officials said the corporation was told as early as January of this year that water for general use and fire protection would be required at the industrial site.

Baas contends he was not contacted on the matter of water supply by the committee until April. However, he says the subject at that time concerned a totally different site.

"As far as I'm concerned," Baas said, "my first contact about the current site came on May 18. But I was not provided with water pressure requirements right away."

Baas claims he was not supplied with the requirements until May 31, and did not get the figures on fire protection requirements until June 6.

Baas said he informed the committee several times that he would need specific engineering data concerning the water supply before any definite cost figures or line construction proposal could be presented.

"We told them we'd do as much as we could," Baas said, "but nothing could be final until they got certain GPM (gallons per minute) requirement data from the potential industry."

Sauer said as early as late May the local committee began going over the water company's head to the Public Service Commission (PSC) to solve problems that could have been handled with better communication on the local level.

Baas displayed a letter he wrote to Sullivan Mayor William Donnelly, dated June 1, in which he stated that a breakdown in communications existed. The letter from Baas to the Mayor read: "I feel we have been responsive in this matter and that a breakdown in communications exists within the committee working on this project."

Concerning the allegations that the water company is dragging its feet in coming up with definite water supply figures and data, Sauer said his company does not make decisions without carefully studying the impact of them on a large picture.

The water company informed the industrial committee last week that in order to provide sufficient water pressure for a desirable fire insurance rating for the potential industry, a large water line would have to be built from the center of Sullivan out to the city limits at a cost of approximately $200,000.

Sauer contended that if the new water line was to be put in, it would mean a rate increase for local water consumers. "All we would be doing is providing a favorable water insurance rating for one company at all the rate payers' expenses," Sauer said. "I don't think you jump into something like that without careful consideration."

A possible solution would be for the industry locating at the site to construct its own on-site water storage facility. "Many industries which have big fire protection requirements put up their own storage tanks at the site," Sauer said.

Baas said the area in the northern part of the city is currently adequately supplied with water, and water for general use is available for expansion farther north. However, he added, "The water just isn't there for that kind of flow (1,000 GPM required by the potential industry)."

The water officials also pointed out that the area of the industrial site is 3,300 feet beyond the existing water system.

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Community Affairs File

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Public Utilities (T.H.)

By MAX JONES
Times Editor
Sullivan Daily Times 6-25-79

The Terre Haute Water Works Corporation said no to the concept of looping various water lines north of the city to a potential industrial site in order to meet fire protection requirements, but are preparing a proposal which would give the interested industry a commitment to be supplied the water within a five-year period.

In a meeting today with the Sullivan Business Development Corporation, Operations Manager Robert L. Baas said looping present water lines together and extending them to the industrial site would not provide the 1,000 gallon-per-minute requirement asked for. He added it would only provide near 500 GPM.

The loop system was suggested by the local industrial committee after rejecting the idea of immediately constructing a 12-inch line from the center of Sullivan north to the city limits at a cost of about $200,000.

That option, the first proposed by the water company, could have meant an approximate 14 percent increase in local water bills.

A letter was drafted for presentation by the water company to the city and its industrial development group. In it, water officials said they believe that providing required water services to the industrial site could be achieved by construction over a five-year plan, providing the financial condition of the water company will support that approach.

Robert Foutch, Treasurer of the local industrial committee, said officials for the potential industry are now faced with the decision on whether or not to accept the five-year plan.

Ron Moon, Vice President of Terre Haute Water Works and an officer in the American Water Works Service Company, was reportedly to be in contact with the east coast manufacturing firm today concerning the five-year proposal.

Foutch said final word on the industry's acceptance or rejection of the proposal is expected within two days.

The local industrial development committee has been working since early this year to bring the manufacturing firm to Sullivan. Members of that committee recently said the water supply problem was the only obstacle remaining before the commitment by the industry to locate here would be made.

The plastics firm reportedly would employ about 30 persons in the early stages, with the capability of employing as many as 125 within five years if expansion was feasible.

Community Affairs File

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Public Utilities, T.H.

# General Telephone to install new system

Sullivan Daily Times 8/22/78

General Telephone Company of Indiana is installing a second computer-controlled telephone switching system in Terre Haute to meet the rapidly increasing telecommunications needs of the city due to residential and business growth.

According to General Telephone's Southwestern Division Manager Tom Merritt, the switching system, a No. 2 Electronic Automatic Exchange (EAX), is much more sophisticated than conventional switching equipment and is an advanced model of the computer-controlled system installed in Terre Haute's northwest switching office in 1974. "This installation will provide our Terre Haute customers with one of the finest switching systems available," he said.

The system is being installed on the fourth floor of the recent building addition to the company's central switching office at 711 Poplar St.

"While this EAX can handle calls much faster than a conventional mechanical switch, the principle change customers can expect is an overall improvement in telephone service," Merritt said.

One of the major improvements will be a reduction in the time required to process calls. "When a customer whose service is controlled through the new system calls another customer with the same service, the called telephone will ring almost the instant the last digit of the telephone number is dialed," said Merritt.

Other advantages of the system include increased reliability, extremely long life, reduced operating and maintenance costs, and a reduction in required building space. Some of the equipment features are:

—Automatic trouble shooting through a computerized diagnostic system which continously checks the many subsystems of the office to detect trouble. If a problem is encountered, key information is displayed on the control console and a report is printed out on a maintenance center teleprinter for maintenance personnel.

—Stored program control which allows the company to provide or modify service features by merely giving fresh program instructions to the computer rather than adding hardware or changing wires.

—Duplication of units which allows an identical unit to take over when one unit malfunctions with no interuption of service.

—Plug-in circuits which simplify corrective maintenance.

Merritt noted that another advantage of the EAX is the fact that it has fewer moving parts due to its solid-state construction. "Existing equipment requires the movement of eight switches for the completion of each telephone call," said Merritt. "Considering there are more than 500,000 local calls completed in Terre Haute each day, that requires the precise movement of switches more than 4 million times every day. The new equipment will eliminate the need for constantly cleaning and adjusting these switches, resulting in added system reliability."

Merritt explained that the conversion to the new system will require some telephone number changes in Terre Haute next January. "The new system will process telephone numbers with a '232' prefix. Approximately 1,200 selected individuals with '234' and '235' prefixes will have their numbers changed to the new electronic '232' prefix. In addition, all customers presently with the '232' prefix will have their service transferred to the new electronic '232' prefix. For the most part, these telephone customers will be able to retain their current number."

As a convenience to Terre Haute telephone customers, all number changes will be concurrent with the January 1979 Terre Haute telephone directory.

In conclusion Merritt stated, "General Telephone is extremely proud to provide our Terre Haute customers with this new and advanced electronic switching system and its many advantages. In conjunction with extensive telephone cable network expansion in the area, it will help us continue to provide the best telephone service available."

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# H2O

Spring
1952

Vol. 27 No. 1

1812 FORT HARRISON 1812
THIS STONE MARKS THE SITE, AND COMMEMORATES
THE ONE HUNDREDTH ANNIVERSARY
OF THE HEROIC DEFENSE, OF FORT HARRISON
BY A SMALL BODY OF UNITED STATES SOLDIERS,
ASSISTED BY THE SETTLERS, AGAINST THE INDIANS,
SEPTEMBER 4, 1812.
THE FORT WAS BUILT BY
WILLIAM HENRY HARRISON,
AND AT THE TIME OF THE ATTACK WAS COMMANDED BY
ZACHARY TAYLOR,
BOTH OF WHOM AFTERWARDS BECAME PRESIDENTS
OF THE UNITED STATES.

TERRE HAUTE

INDIANA

# HOW Water Works

## Hidden Values Behind Your Water Bill

You pay for the water alone; But here are some of the "undeclared dividends that never show on your water bill."

### HEALTH PROTECTION

WHILE NO CHARGE FOR MEDICAL SERVICE APPEARS ON YOUR WATER BILL, MODERN WATER WORKS ARE GIVEN MOST OF THE CREDIT FOR WIPING OUT TYPHOID FEVER AND OTHER WATERBORNE EPIDEMICS SO PREVALENT 50 YEARS AGO.

### CONVENIENCE

This GEM OF AMERICAN ARCHITECTURE "AND "THE OLD OAKEN BUCKET" HAVE BEEN LARGELY ELIMINATED BY MODERN WATER SYSTEMS.

VERY FEW PERSONS WILL SHED TEARS AT THEIR PASSING

### REDUCED FIRE INSURANCE RATES

THE COOPERATION OF MODERN WATER SYSTEMS WITH THE FIRE DEPARTMENTS OF THE NATION HAVE BEEN THE CHIEF CAUSE FOR THE REDUCTION OF FIRE INSURANCE RATES

### COMMUNITY APPEARANCE & IMPROVEMENT

NO CHARGE IS MADE FOR COMMUNITY DEVELOPMENT, YET KEY INDUSTRIES ARE AIDED IN PRODUCTION, PROVIDING EMPLOYMENT AND EXPANSION *ONLY* IF A DEPENDABLE SUPPLY OF GOOD WATER IS AVAILABLE.

The Terre Haute
Water Works Corporation

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Given by Loring C. Halberstadt

# Foreword

The accompanying article appeared in the Spring issue of $H_2O$ magazine published in March, 1952, by the American Water Works Service Company and is being distributed by The Terre Haute Water Works Corporation as a public service.

Aware of its responsibility as an essential public utility, The Terre Haute Water Works Corporation has planned for and is ready to meet future demands for service in this community, where rapid and substantial growth may be expected.

Present customers, industrial and residential, have not only an ample supply of pure water, but also an unlimited reserve supply available. The Terre Haute Water Works Corporation is able to supply present needs and will be ready to meet future demands.

The Terre Haute Water Works Corporation is alert to the needs of the community for water supply now and in future years, and through continuation of careful and constant daily bacteriological analysis, Terre Haute can feel sure of a safe, pure, ample water supply, at any future time.

Copies of this article have been furnished free of charge and a limited number of additional copies may be obtained at the offices of

## The Terre Haute Water Works Corporation

Terre Haute, Indiana

Arthur E. Blood, Manager

TERRE HAUTE
Transportation Center
Located on early arteries of commerce: Wabash River, National Road (U.S.40) built 1834, Wabash and Erie Canal constructed 1849, Terre Haute and Richmond Railroad opened in 1852.
TERRE HAUTE CHAMBER OF COMMERCE

IT'S all in the attitude of the people. A city can grow to unexpected heights from the depths of depression, or can struggle along gradually growing weaker and weaker, depending entirely on the outlook, the vision and enthusiasm of the leaders of the city. Examples of both may be seen in many sections of America.

One of today's outstanding examples of the upward trend is Terre Haute, the famous city on "The Banks of the Wabash," in the West Central part of Indiana only a stone's throw from the Illinois border. Half the people of the country think of the old Dresser song when Indiana, or the Wabash River, are mentioned, with little or no idea what makes the City of Terre Haute tick, and tick it does today. It isn't all the romance of the moonlight on the Wabash, but the result of a lot of hard, efficient work on the part of those interested in the welfare of the City.

Settlement of the area around Terre Haute and northward was delayed in the early days of the American Republic. The close of the American Revolution smoothed things fairly well in the colonies East of the Alleghenys, but in the Western Plains states settlement was blocked by French possession, hostile Indians

**The Allis-Chalmers Manufacturing Co. Plant Under Construction**

and concerted British efforts to prevent expansion of the new United States. After the turn of the century attempts were made to colonize the rich western prairies, but the efforts were abortive in most cases.

In 1803 the United States purchased the Louisiana Territory, which gave us title to the area which includes Indiana. Even then colonization was blocked by hostile Indians, under the leadership of Chief Tecumseh, of the Wabash tribe, and his brother "The Prophet", aided and abetted by British military men from the North.

Terre Haute is a French name but it was not a French settlement. And here is as good a place as any to settle the point of pronunciation. Residents of the city on the Wabash say "Tear Hote", just two syllables. A few of them give the first word two, like Terr-a, but the Haute is always pronounced as the first syllable of the word "Hotel".

Traders from New Orleans, then the seat of the French colony on this continent, made regular trips up the Mississippi and Ohio, and its tributaries, of which the Indian river "Ouabache", or Wabash is one. The Miami Indians, with perhaps every other Indian tribe in the States East of the Mississippi, used the Wabash Valley and all of central Kentucky, as their mutual hunting grounds. The entire area was known as the "black and bloody ground", and at the Northern edge of this hunting ground the Miamis set up a trading post, "Terhot", an indianized pronunciation of the French words Terre Haute, meaning "high land". There is no other evidence of the French influence in or around the city. Years ago the last of an old orchard, apple and cherry trees, was cut down to efface what many have called the outstanding evidence of the French background. Apparently the first order of business when a French colony was established was to plant a small orchard and a little garden, and on the site of the present pumping station of the Terre Haute Water Works Corporation is where the orchard was set out, and quite probably where the Miami Indians had their trading post.

Terre Haute had its beginning three miles down the river from the old Indian post, and two men who later were elected presidents of the United States, made it possible for pioneers to take up their homesteads and plant the roots of the colony. In 1811 William Henry Harrison, then Governor of Indian Territory, lead an expedition made up of volunteers from Kentucky up the Wabash to extinguish the threatened annihilation of the whites by a confederation of Indian tribes under Tecumseh. Arms, ammunition and inspiration had been furnished the Indians by the British, and General Harrison was sent out to end the danger once and for all. Tecumseh was gathering the warriors at the mouth

**The Terre Haute Brewing Co.**

of the Tippecanoe River some 74 miles north of Terre Haute. On his way up from Vincennes, where the U. S. Army had an established post and the area well colonized, General Harrison chose the high ground at the bend of the Wabash where Terre Haute now stands, as the site of a protective fort as insurance for his campaign to the North against the Indians.

The garrison of men, some 900 of them, spent two months erecting the heavy wooden walls and block houses, into the well known Fort Harrison, without which the development of the area would have been impossible, or greatly hampered. Parenthetically, accounts show that a total of $258 was spent in materials for the fort.

Harrison, leaving a small detachment behind as a guard, went on to the historical Battle of Tippecanoe and utter defeat for the Indians, and returned to Fort Harrison to give protection to settlers who were coming in. He later returned to Kentucky to head, as General of the U. S. Army, the Kentucky Volunteers in the War of 1812.

The protection of Fort Harrison brought the first white settlers, with their families. They were Edward Listen, William G. Adams, Reuben Moore and William Drake who broke the first ground for crops in the new land. A short time later Joseph Richardson, Abraham Markle, Captain Daniel Stringham and Joshua Olds all made the overland journey from Olean, New York to help swell the new town.

In the early days before banks were established in Terre Haute the villagers traded down the river and returned with the only hard cash available. They dealt in terms of bits and fipenny bits. The bit was twelve and a half cents and the fipenny bit just half of that. The bit was equal to a Spanish Real.

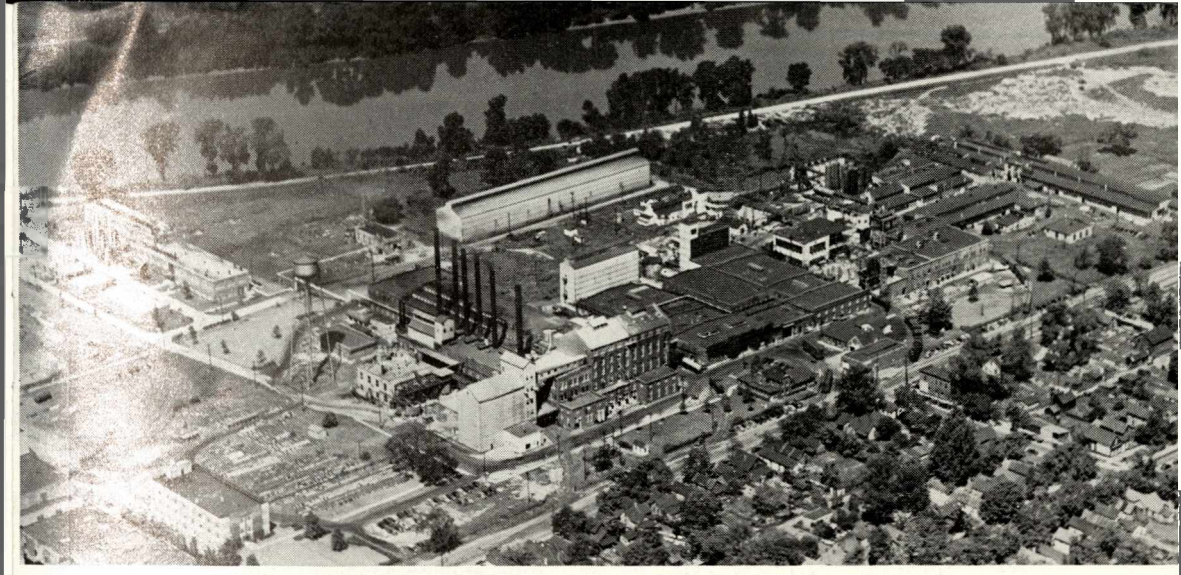
Zachary Taylor, who later became president of the United States, was a Captain under General Harrison and in 1812 was put in command at Fort Harrison. Shortly after he assumed command the Indians attacked the fort, under the leadership of "The Prophet", who had only slightly recovered from his defeat at Tippecanoe and was egged on by the British to attack the Terre Haute fort. Taylor covered himself with glory in the battle and won a promotion as a brevet major, U. S. Army, a big step toward the generalship he later attained, and the Presidency of the United States.

The early days of the settlement around Fort Harrison were much the same as other towns in the newly opened Western Territory. Towns to the south along the lower Wabash, Vincennes, and settlements in Kentucky, were established earlier because of the ease of transportation routes. Many of those who settled in what is now Kentucky and Tennessee came west from Virginia and North Carolina, with still others from the north, New York and New England. The easy route West was by water, down the Cumberland or the Ohio Rivers.

Too, these lands to the south had been freed of the Indian menace before the end of the 18th century, and the savages driven farther West and North into the Indiana Territory. Settlements sprang up along both rivers, and the Wabash as far north as Vincennes before the establishment of Fort Harrison where Terre Haute now stands. It was only a few years before that, 1804-1806, that President Jefferson sent the Lewis and Clark Expedition into the Northwest Territory.

By 1848, Terre Haute had a population of slightly more than 5,000 and it remained near that figure for many years thereafter. Coal had been found in Terre Haute and was in general use in homes and business places almost from the first settlement. No great fuss was made over its presence, no date is known for its discovery, and no great fortunes were amassed because of it until the first railroad was built in 1852, not to, but from Terre Haute, the Terre Haute and Indianapolis Railroad.

Chauncey Rose, founder of the Rose Polytechnic Institute and patron of innumerable charities in Terre Haute, and public benefactor in many other states from New York to South Carolina, built this first railroad, reportedly to the utter dismay of friends and business acquaint-



The Commercial Solvents Corporation

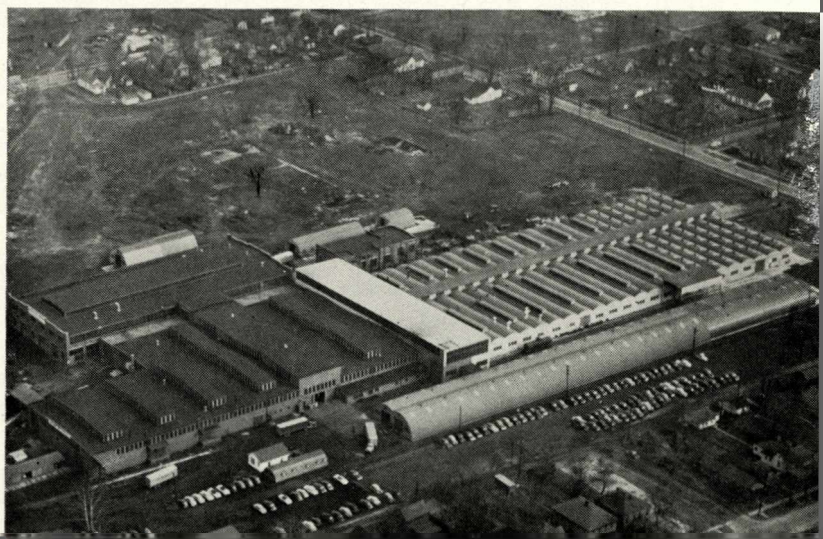


ances. He had been in Terre Haute since 1825, coming there from Connecticut, and had been active in many fields of endeavor, with a high degree of success. He owned one of the most prepossessing homes in the city, furnished the lumber for the first city hall, built the first hotel in town and acquired 320 acres of land in what later became the heart of the city. Besides that he inherited a large fortune from a brother in New York and used most of what he made for the benefit of mankind until his death in 1877.

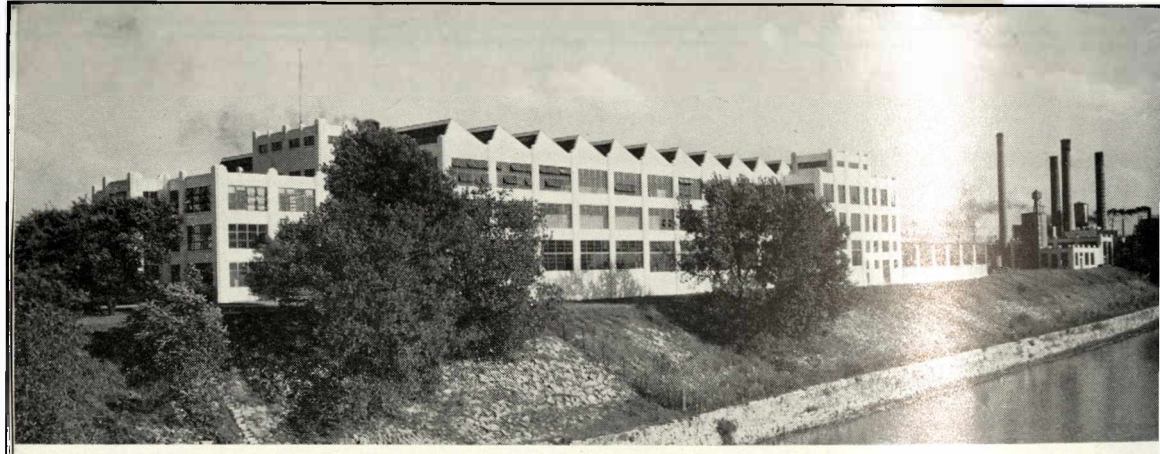
But the establishment of the first railroad marked the beginning of Terre Haute, the industrial city, and lead to its prominence by the end of the century as the center of the coal industry of southern Indiana, a position which it still holds.

From the construction of the National, or "Lincoln" Highway, which was started at Terre Haute in 1834, and the completion of the first railroad, the city has been a natural hub of transportation with an assured future as an industrial center. Natural resources for manufacture of every description are available, low cost fuel a few feet underground, a seemingly inexhaustible supply of water, transportation in every direction by rail and water, or by highway. The Lincoln Highway, U. S. 40 East and West, and the main North and South U. S. Highway 41, a direct route from Chicago to Miami, Florida, cross in the center of Terre Haute, and today four railroads center operations there, all of them serving North, South, East and West. Railroad work today employs 2,900 residents of Terre Haute.

Second only to the influence of Chauncey Rose on the destinies of Terre Haute has been that of the Hulman family. Herman Hulman came to Terre Haute in 1850 from his native Germany on the invitation of his brother Franklin, who had come over a few years before to establish a small but prosperous whole-



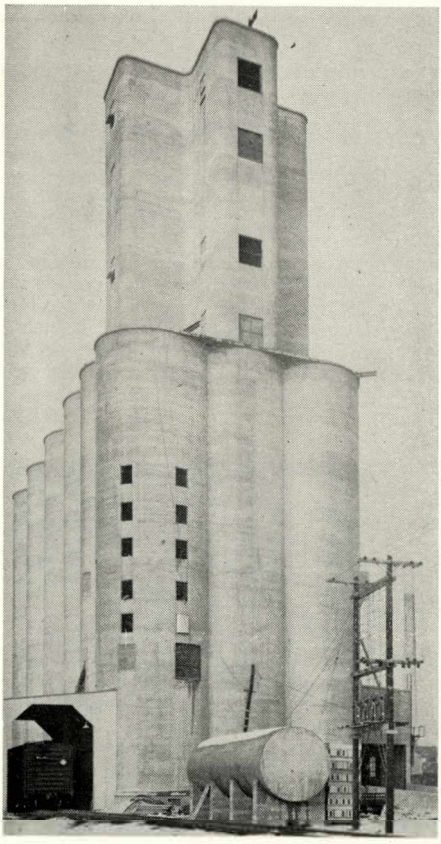
Stran-Steel Division—Great Lakes Steel Corp.



The American Can Company

8

sale grocery business. Franklin died eight years later in a shipwreck at sea, leaving Herman to carry on the new business weakened through loss of capital in settling the estate. The firm Hulman & Company grew, became the largest wholesale grocery company in the entire west by the end of the century. Herman took his son Anton into the firm in 1886 and the firm continued to grow and prosper.

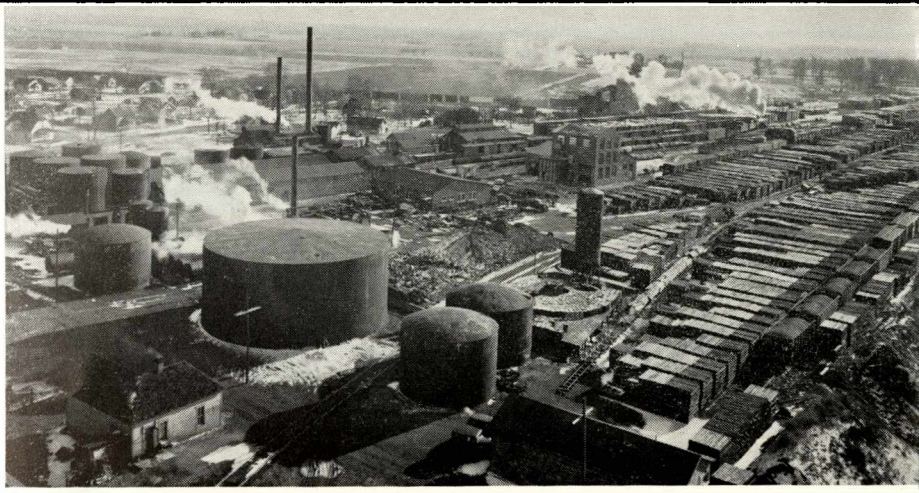


Graham Grain Co. Elevators

Today, a grandson, 51 year old Anton "Tony" Hulman, heads the business and it is still growing. The interests of the Hulman Company, the Hulman Foundation and of Tony Hulman himself are vast, diversified, and successful, but the Hulman Company remains the center of interest of the family. It was Tony Hulman who in the early 30's, fresh out of Yale University, returned to the company and took hold of a baking powder recipe the company had developed and, with the enthusiasm of youth, proceeded to establish it on a national basis. Today "Clabber Girl" is one of the best sellers in the baking powder line nationally, and constitutes not a small portion of Hulman & Company business, in spite of competition from the corporate giants.

The Hulman Foundation was set up in 1936 to handle worthy community projects, such as the Hulman Airport at Terre Haute. The Hulmans have always been interested in the welfare of Terre Haute and the City has greatly benefited by their generosity.

Terre Haute, because it was the only city in the state that wanted it, is the home of the Indiana State Teacher's College. This is not to be confused with Indiana State Teachers College in Indiana, Pennsylvania. In 1870, the Indiana legislature agreed to locate the State Normal School in the city that made the best offer. Terre Haute offered $50,000 and land then worth $25,000, practically the only offer made. Terre Haute got the school and eight men and 13 women made up the first class that Winter. W. S. Jones, a well known educator was brought in from Chicago to head the new school. The original building



**Indiana Wood Preserving Co.**

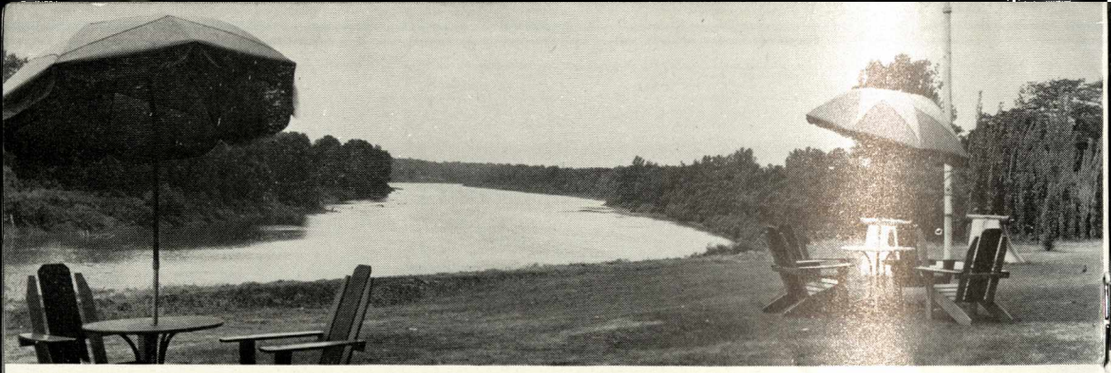


was completely burned in 1888 and immediately rebuilt through a contribution of $50,000 by the city and $100,000 by the State. The State appropriated $70,000 for a second building in 1893 and in 1904 another $84,000 for a manual training school.

Today the Indiana State Teachers College, with an enrollment of 2,600 students is one of the largest and best known schools of its kind in the country. Its campus, one of the bright spots to be found, lies entirely within the city limits, the original grounds donated by the city in 1870 and worth many, many times its 1870 value.

The Rose Polytechnic Institute, a four year accredited College offering B.S. degrees in Chemical, Civil, Electrical and Mecanical Engineering, is located at Terre Haute. This College occupies a 123 acre campus on the outskirts of the City and was founded in 1874 when Chauncey Rose endowed the Institute, and today the original endowment and physical property has a book value of approximately seven times as great as when it was founded. The student body, while made up largely from residents of the Middle Western States, counts students from all over the world. In 1950-51, students from nineteen states, Hawaii and Central America were enrolled. This college has always maintained a relatively small student body with a student-faculty ratio of approximately 1 to 12. It limits the enrollment to 120 Freshmen each year and in this way, it is possible to establish small class sections, resulting in in-

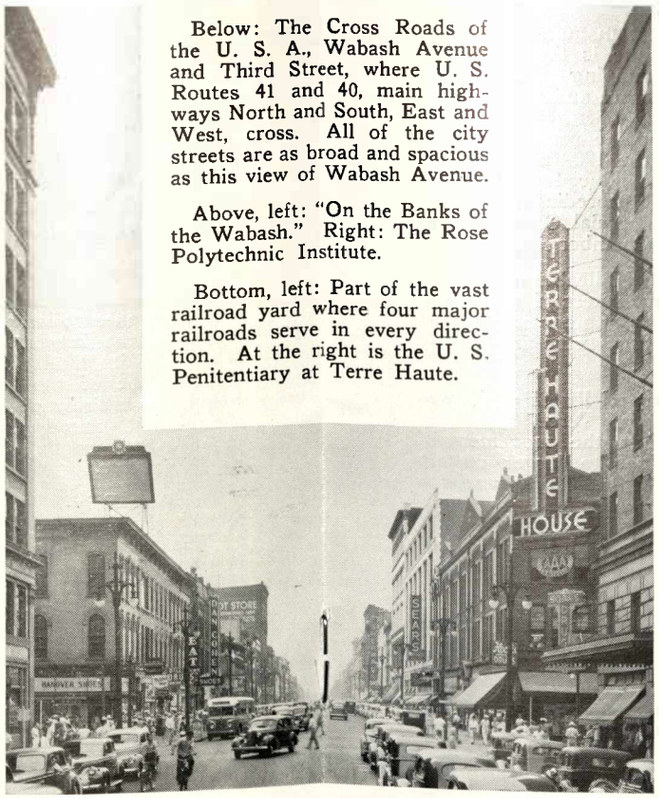
**The Hulman Company, Main Office Building**



dividual attention to the student and an intimate association between students and the faculty. All its curricula are accredited by the Engineers' Council for Professional Development, the highest accrediting agency in the engineering field. Its graduates have distinguished themselves in the field of engineering and business and many of them head and are prominent in the management of large corporations throughout the United States.

Situated four miles West of Terre Haute among the hills of Southern Indiana is the Saint Mary-of-the-Woods College for young ladies. The College was founded October 22, 1840 by the Sisters of Providence who came from France at the request of the Bishop of Vincennes. Impressed by the majesty of the forest which stretched unbroken in every direction, Bishop Brute had previously named the place Sainte Marie-des-Bois, Saint Mary-of-the-Woods. Though the College of Saint Mary-of-the-Woods is a Catholic Institution, difference in religion is no obstacle to admission of students. All denominations are respected and no influence is brought to bear upon the religious convictions of any student. The courses of study are in harmony with the best standards of American Education Institutions and it is accredited as a standard college. The College offers a four year curriculum leading to a B.A., B.S. or a B.F.A. degree. Its policy has been to maintain a strong undergraduate college whose core or main interest would be the College of Arts and Sciences and whose opportunities for women would be as wide as those for men in Liberal Arts Colleges and yet, at the same time, varied and broad enough to suit the needs of women. Beginning with one building in 1841, the College has grown until today Saint Mary-of-the-Woods comprises 17 large buildings equipped with the latest modern conveniences. It is one of the foremost Colleges for women of its type in the world and among its enrollment of approximately 350, may be found young women from all distant parts of the globe.

Terre Haute is today going through "growing pains" "breaking out at the seams", and




Below: The Cross Roads of the U. S. A., Wabash Avenue and Third Street, where U. S. Routes 41 and 40, main highways North and South, East and West, cross. All of the city streets are as broad and spacious as this view of Wabash Avenue.

Above, left: "On the Banks of the Wabash." Right: The Rose Polytechnic Institute.

Bottom, left: Part of the vast railroad yard where four major railroads serve in every direction. At the right is the U. S. Penitentiary at Terre Haute.

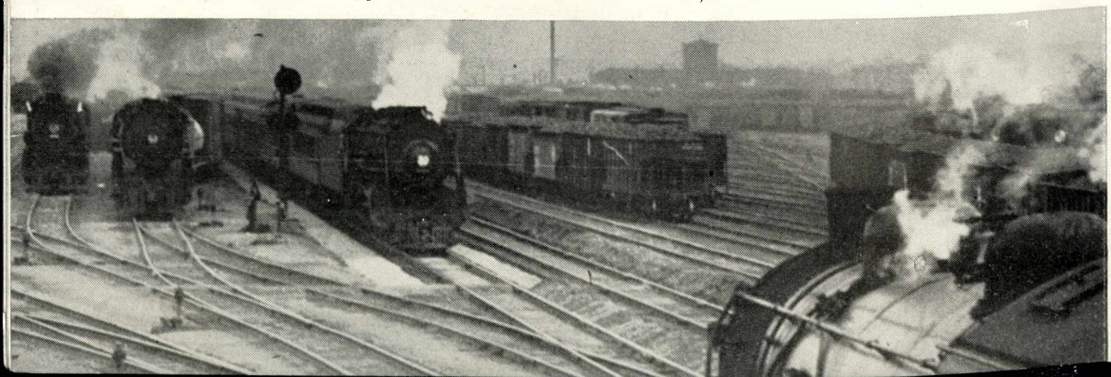
is glowing with prospects for the future and a solid future almost entirely without government subsidy as far as industries are concerned. It is still the same Terre Haute it always has been, sprawling along the banks of the Wabash and covering a larger territory than a city of 65,000 should cover. That is the figure, roughly, given the city population by the 1950 census, but it is far from the actual population of the city itself. City limits cut through centers of densely populated areas, and new housing developments are merely a continuation of the city itself rather than suburban towns. A figure close to 85,000 would come nearer the actual population, and in the metropolitan, or shopping area, the figure is much larger, and growing.

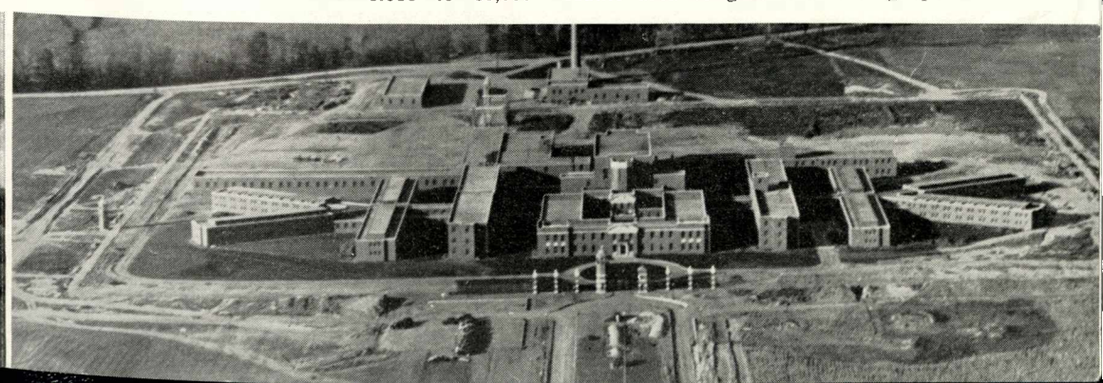


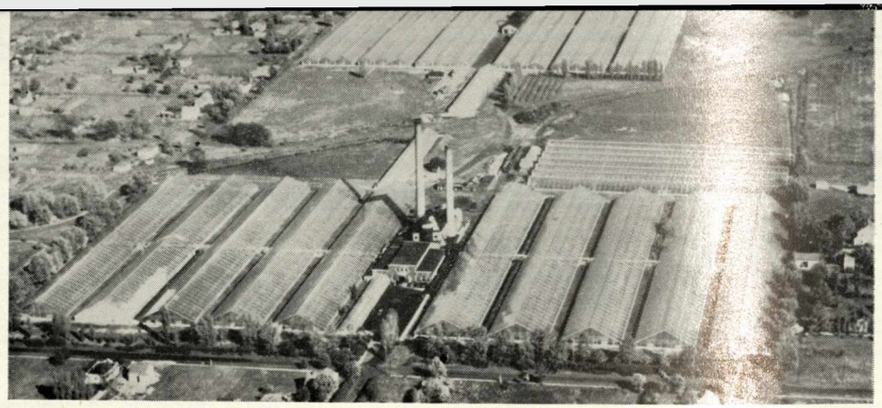
New residential sections by the score have been built in the territory surrounding the city with some of the most attractive houses to be found anywhere, set around scenic landscaping, lovely shade trees, and generally emit a comfortable attitude.

Downtown Terre Haute, at eye level, has dressed itself up in recent years, giving the modern and attractive shopping district a gay look, and a busy one during shopping hours. Everything the heart desires in the way of goods, clothes, furniture, appliances, luxuries, and of the very best quality, may be found in the stores and shops.

As mentioned in the foregoing, coal mining was the first major industry of Terre Haute and contributed substantially to the economy of the City during the early part of the century. In recent years, new techniques of mining, such as the vast "strip" operations now being carried on at Terre Haute, and the increased use of coal made gas, mixed with natural gas from the Kentucky fields, have lessened the need for labor in coal operations. Today fewer than 2,500 men are employed in coal mining as compared with a top figure of more than 6,000—and more coal is mined than ever before. In 1951, for example, more than 4,500,000 tons of coal were mined in the the Terre Haute area to give it a leading spot in







**The J. W. Davis Company Greenhouses**

the Indiana field, yet mining of the coal was almost a side issue, quietly done, almost unknown by the visitor.

Today some of the largest industries in the country have plants in the city on the Banks of the Wabash. The Allis Chalmers Mfg. Company, famed manufacturers of farm, mining, road-building and electrical equipment, came to Terre Haute in 1951 and set up a pilot plant pending completion of a huge $10,000,000 plant just over the city line, covering 115 acres which will employ 3,600 in the manufacturer of condensers for jet engines for the Armed Forces. The investment is entirely one of the Allis Chalmers Company, not subsidized in any way by Federal loans or grants, which indicates that it is a permanent installation, not one built for the war emergency.

Discussions are under way now between the Chamber of Commerce and large industries regarding the establishment of other branch factories which will employ additional people. The Chamber of Commerce has still other plans and prospects which are in too nebulous a state to mention, but which add to the enthusiasm Terre Haute businessmen feel for the future of the city.

The American Can Company, makers of metal and fibre containers, one of the largest concerns of its kind in the country, with 1951 gross saes of $570,068,813 has one of its larger branch factories in Terre Haute to supply the needs of customers in the surrounding territory. Canning and packaging is a large item in manufacturing in Terre Haute, and the large plant is busy supplying industry with its needs.

One of the oldest manufacturing concerns in Terre Haute is the Columbian Enameling and Stamping Company, makers of enamel ware and metal finishings. The Company opened its plant in the early years of the present century and is carried on the 1908 list of manufacturing concerns induced to come to Terre Haute in the preceding nine years by the active Commercial Club, forerunner of the present Chamber of Commerce.

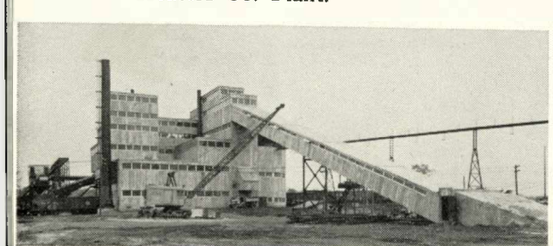
The Terre Haute Malleable and Manufacturing Company, makers of Afiron and malleable castings is another on this list of early 20th Century firms in the city still doing business.

Meat packing, especially of pork, was a major industry in Terre Haute in the mid 1800's, but the movement of slaughtering activities to larger centers in Chicago and Kansas City brought a sudden lessening of this business before the Civil War. Some few packers remained and the business has survived in a small way since.

Among Terre Haute packers is the Valentine Company, Inc., who do a general meat packing business, but chiefly in pork and pork products. They came to Terre Haute in the early years of the present century through efforts of the Commercial Club. The Home Packing and Ice Company and Rowe and Sons are two other meat packers in Terre Haute. Both process pork, beef and veal and the Home Packing Company does an active ice business.

The vast Coca Cola empire left its impression on Terre Haute. Chapman J. Root, industrialist who designed and

**Below, left: The Pyramid Coal Co. Victory Mine, and right, The Shephard Heaters Co. Plant.**



**A & P Plant, home of famous Ann Page brand foods**

manufactured the famous Coca Cola bottle, amassed a fortune of some $20,000,000 in Terre Haute before selling his plant to the Owen - Illinois Glass Company. The plant is still maintained in Terre Haute, and has been enlarged, but the Coca Cola bottle is no longer a product of this plant.

One of the largest plants in the City is the huge Commercial Solvents Corporation. It was begun in a small way immediately after the end of World War I. During the war Great Britain found its supply of acetone, used in explosives, cut off. A British scientist discovered a method of producing acetone through a process of bacterial fermentation, and after the United States entered the war, production was centered in Terre Haute. After the war, Commercial Solvents was organized to continue peacetime production.

Growth of the company was phenomenal and sound. It first expanded to produce butanol for use in lacquer, and later embraced the manufacture of grain alcohol, whiskey, anti-freeze solvents and chemicals. In more recent years it has gone into the production of penicillin and other pharmaceuticals, feed riboflavin and other products.

The plant covers some 100 acres on the banks of the Wabash, and has an employment list of about 1,500, with an annual payroll of more than $4,500,000. It spends as much or more for grain annually and uses a half million dollars worth of coal a year.

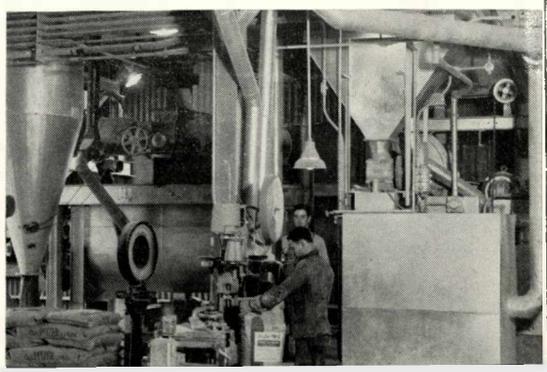
Terre Haute has one other distillery, the Merchants Distilling Corporation. The bulk of the business is sold wholesale to other distillers, but in addition the company does a large business in whiskey, commercial alcohol and distiller's dried feeds for animal food.



The Terre Haute Brewing Co., brewers of the famous "Champagne Velvet Beer", one of the major industries in the city, and perhaps one of the largest taxpayers, has an annual payroll of approximately $3,000,000, with an annual brewing capacity of 1,500,000 barrels. Approximately 100 tons of coal per day are used at this plant and during 1951, 3004 carloads of raw material were received, while 3125 carloads of finished product were shipped out.

The Charles Pfizer and Company whose operations were formerly confined to the East coast and which is the world's largest producer of antibiotics, citric acid and vitamins, during recent years has established a plant in Terre Haute where Streptomycin and Terramycin are produced, together with feed supplements, Terralac—the newest Pfizer

**Below: The Charles Pfizer Company**



Water pumping station employees standing on the huge Allis-Chalmers pump, are, seated: Oliver Ellis, Chief Engineer. Standing on steps: Virgil Fox, Stuart Shaw. On engine, first row: James Dowen, Tommy Roberts, Marvin Frazer, Keith Denton, Carl Koile, George Carroll, Paul Kennedy, Levi Medley. On engine, second row: Billy Marquis, Otis Mayes, Francis Mershon, Harry Burns, Eugene Stedman. Employees at pumping station not in photograph: Robert Brown, Elza Shanks, Elmer Buchanan.



product and revolutionary in its field. Terralac is artificial sow's milk, and it is produced only in the Terre Haute plant.

The J. W. Davis Company, if not the largest producer of hot house cucumbers and tomatoes, ranks near the top. Thirty-nine Greenhouses covering 36 acres produce a tremendous crop which is shipped daily, during the Winter season, to markets all over the country, Canada and Alaska. Cucumbers is the major crop and with the first picking about December 20, an average of 30,000 are shipped daily. Tomatoes are an addition to the plant in recent years, but even so daily shipments of 3000 pounds makes it a strong baby, and it is growing. The company employs 165 men and women, uses 20,000 tons of coal annually and an apiarist cares for 150 swarms of bees used in the greenhouses to pollinate the blossoms.

Processing foods is no small item in the economy of Terre Haute but by far the best known single product is the famous "V-8" cocktail. It was developed in Terre Haute by Louden Packing Co., which was later sold to the Campbell Soup Company. It is still canned, in-season, in the large Campbell plant in the city. In other seasons the plant packages other food products, mostly the well known pork and beans, still the best seller in the bean line from coast to coast.

The Great Atlantic and Pacific Tea Company is the third largest employer in Terre Haute. In what is said to be

Office Group, Terre Haute Water Works Corp. Seated left to right: Norma E. Reedy, Louise Beckmann, Marie Lints, Elsie Grammer, Beulah Blood, Mildred Abner. Standing, left to right: Betty Cagle, Fred Nation, Arthur Blood, Max Hickman.



the world's largest food processing plant under one roof, the famous Quaker Maid brand of A. & P. stores is put up to supply the chain from Buffalo to the West Coast. Here in the huge plant they produce macaroni, preserves, salad dressing, canned beans, gelatine desserts, extracts, baking powder, olives, canned spaghetti, jams, jellies, peanut butter, spaghetti, noodles and a host of liquids, and other packaged items. No small quantity of produce from Southern Indiana farms finds its way into the Quaker Maid Factory, and the payroll of the hundreds of employees is a large factor in the economic life of Terre Haute.

One of the larger industries of Terre Haute is one so many soldiers in the last war will remember, the manufacture of Quonset Huts. The building was a product of the drawing boards of the Great Lakes Steel Company and was manufactured in the Terre Haute plant, the Stran-Steel Division, perhaps the leading steel manufacturing concern in the area. Quonset Huts are still made there and are being used in all parts of the country by many industrial concerns, and by our armed forces.

The Great Lakes Steel Company, however, in the mid 1930's developed an ingenious method of using structural steel

Below, Water Distribution System and Meter Department men. First row, l. to r.: Howard Pierce, Floyd Todd, Jesse Shepherd, William Frazer, Foreman, Morgan Pritchard. Second row, left to right: Lee McCullough, Hubert Williams, Hiram Grubb, Herbert Biddle, Walter Thomas, Roy McFarland, Harold Burgert. Third row, left to right: Burlin Sanner, Howard Nieft, George Brooks.

in fabrication of frames of small buildings. The process, under the name Stran-Steel, utilizes a method of construction in which nails may be driven in the steel beams for sidings and floors, eliminating much overhead cost in erection on prefabricated plans, small buildings, homes and warehouses.

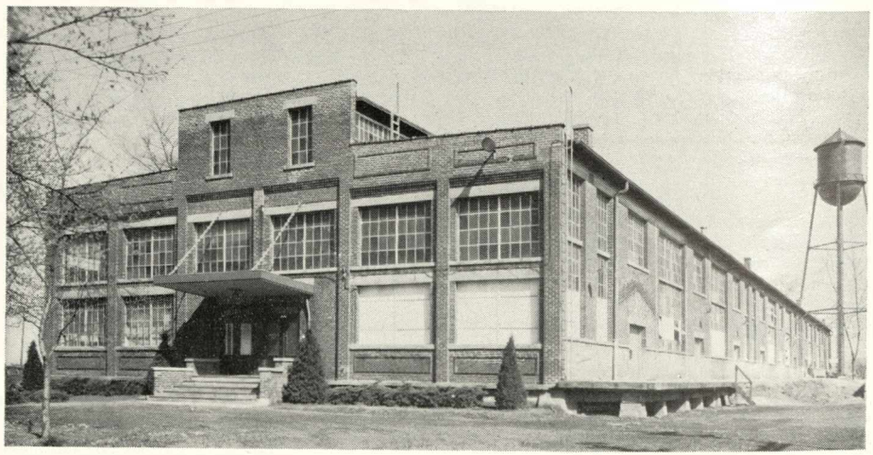
Until the war, when the Stran-Steel division was called on to build Quonset Huts exclusively, this was the product of the Terre Haute plant. The same method was carried through to the Quonset Hut, which made its erection a matter of hours instead of days or weeks. The corrugated metal plates were merely nailed on the semi-circular Stran-Steel framework.

The first large scale grain elevator in Terre Haute has recently been completed by the Graham Grain Company. The large elevator was constructed to serve grain growing farmers of the Terre Haute area and the heavy grain using industries of the city, to assure them of a steady supply. Among these users are the local Distilleries and Brewery.

Another major industry in Terre Haute is the Indiana Wood Preserving Company, which does just what the name implies, preserves wood. Thousands upon thousands of railroad ties, ready for use by the four main railroads which serve the city, cover acres of ground around the plant. Larger beams, creosoted and ready for use, are stored for use in construction of small bridges and other railroad uses. The ties are aged before the preserving process, and stored afterwards for a period before use to assure accuracy and long life. Stacked high, each pile is designated for certain railroads to meet specifications, and used as needed in a volume which keeps the plant running full time.

Other outstanding manufacturing concerns in Terre Haute include the Twigg Industries, manufacturers of aircraft and precision commercial metal, the Visking Corporation, manufacturers of Visqueen plastic film, the Wabash Fibre Box Company, manufacturers of corrugated fibre shipping containers, the Western Tar Products Corporation, manufacturers of creosote oils, road tars, roofing and coal tarpitches, and pitch coke, the Weston Paper and Manufacturing Company, Terre Haute Division, manufacturers of straw board for corrugating purposes, the Highland Iron and Steel, Inc., hot rolled iron and steel bars, The Shephard Heater Company, makers of domestic hot water heaters and boilers, the Simplicity Pattern Company, dress patterns, the Smith-Alsop Paint and Varnish Company, the Terre Haute Boiler Works Company, makers of low-pressure steel heating boilers, tanks, stacks, and miscellaneous steel plate work, and many diversified industries.

In all Terre Haute has 129 industrial plants with 14,520 people employed; the four railroads employ 2,865 and the five utilities — Citizens Independent Telephone Company, Indiana Bell Telephone Company, Public Service Company of Indiana, Terre Haute Gas Corporation and Terre Haute Water Works Corporation, employ 896; making a total of 18,281 em-



**The Visking Corporation**





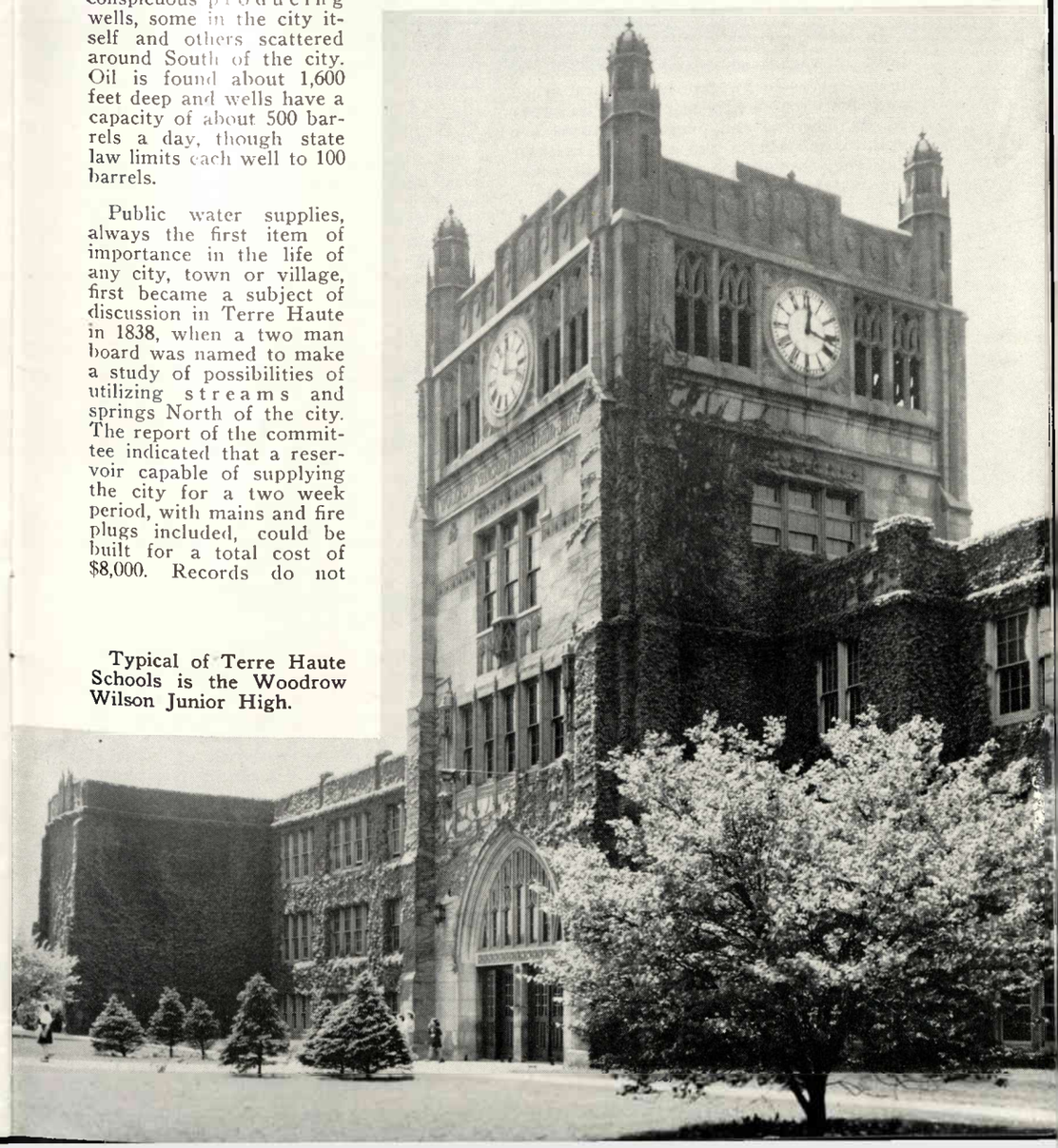
ployees. The railroad payroll is some $11,000,000 and the utilities close to $3,000,000.

Oil has been a minor business in and around Terre Haute, believe it or not, since 1865. Chauncey Rose made the first discovery when drilling for water near the site of the present Terre Haute House. The well flowed perhaps two barrels a day but Mr. Rose didn't know what it was, or what it was for, so no use was made of it.

Today there are some 70 or 80 inconspicuous producing wells, some in the city itself and others scattered around South of the city. Oil is found about 1,600 feet deep and wells have a capacity of about 500 barrels a day, though state law limits each well to 100 barrels.

Public water supplies, always the first item of importance in the life of any city, town or village, first became a subject of discussion in Terre Haute in 1838, when a two man board was named to make a study of possibilities of utilizing streams and springs North of the city. The report of the committee indicated that a reservoir capable of supplying the city for a two week period, with mains and fire plugs included, could be built for a total cost of $8,000. Records do not show that anything was done at that time. Four years later an Eastern firm offered to build a water system but the offer was rejected by the council.

In the meantime fire protection was essential. By order of the mayor every male citizen was automatically a member of the volunteer fire department, and to aid in putting out fires quickly the city council authorized a prize of three dollars for the first hogshead of water poured on a fire, two for the second and one for the third. Thereafter the price fell to twenty-five cents per hogshead.



**Typical of Terre Haute Schools is the Woodrow Wilson Junior High.**

Memorial Stadium, during high school football game. Also the home of Terre Haute Phillies.

In 1840 the council ordered fire cisterns built in various parts of the city, $100 being set aside for one in the first ward and $50 for one in each of the other wards. Two of the original cisterns are still to be seen in the city, but in their day they served the purpose well, making water for fire fighting more readily available to the growing city.

It was not until 1870 that anything was done about giving Terre Haute a water supply. In 1871 the council passed an ordinance authorizing a franchise to be issued to the Terre Haute Water Company on condition that $200,000 be raised by the new company before construction started. John S. Beach was president of the company, W. B. Tuell secretary, and D. W. Minshall treasurer. Directors included W. R. McKeen, J. B. Hager, George F. Ripley, L. B. Marlin, Linas A. Burnett and William E. Hendrick.

The money was raised, some in Terre Haute, some in Chicago, and partly with the assistance of the city council in the purchase of $50,000 of original stock in return for free water in public buildings, schools, public drinking fountains which were to have been erected by the city, and for fire fighting.

On or about March 21, 1871, an ordinance was passed by the City of Terre Haute granting The Terre Haute Water Works Company, an Indiana Corporation, authority to occupy the streets and public places of the City of Terre Haute, Indiana. Operation of the Company continued under the franchise so granted until June 19, 1913, when The Terre Haute Water Works Company surrendered the franchise granted by the City and was assigned an Indeterminate Permit under the provisions of Section 101 of the Indiana Public Service Commission Act. On May 24, 1924, The Terre Haute Water Works sold its plant and property and assigned its Indeterminate Permit to The Terre Haute Water Works Corporation, such sale and assignment being made on the approval of the Indiana Public Service Commission in an order dated May 20, 1924.

The pumping station of the company was built on the bank of the Wabash where it is today, and supplies are drawn from the river some 200 feet off shore. The site is said to be that of the original Indian trading post and the orchard, which once gave the town the name of Orchardtown.

As Terre Haute grew the water company expanded with it, adding facilities where and when needed. In the great Bituminous Boom of the 1895-1908 period, when construction of all kinds skyrocketed, an entirely new pumping station was needed, and a huge Allis Chalmers pump was installed, with complete new steam operating facilities. The pump, installed in 1905 at a cost of $190,000 has served Terre Haute since, and from present indications, because of loving care given by the staff of the pumping station, it will outlast many of the present employees.

The huge pump, pictured here with the entire pumping station staff occupying only a small part of it, has increased pumpage from 1,000,000 gallons per day to more than 6,000,000 gallons of water a day through the network of mains of the city, to industrial plants, stores and homes, without a serious breakdown since it was installed. As an example, the bearings of the pump are of babbit metal, and it wasn't until 1947 that they had to be replaced—42 years of service with the softest metal known. Pouring the new bearings required 800 pounds of metal.

Water is pumped from the Wabash River into a large Sedimentation Basin

Pumping Station, Terre Haute Water Works Corp.

where a coagulant is added (aluminum sulphate) to collect together the fine particles of mud and dirt present in the water and cause these to settle to the bottom of the basin. During Winter and Spring months when the river is at or near flood stage, this basin has to be cleaned an average of once a month as compared to once in five or six years in plants where water supplies are not so turbulent. Tons and tons of sand are removed at each cleaning. The sedimentation basin has a capacity of 2,500,000 gallons and it requires from six to ten hours for the water to pass through it. This time is sufficient for most of the mud and dirt to settle out and when the water leaves the basin, it is practically clear. From the sedimentation basin, the water goes to the filters, which remove the balance of the dirt and the water is then clear. From the filters, the water then goes to the clear water reservoir prior to being pumped into the mains for delivery to the City. During the process, the water is chlorinated for bacteriological control and is constantly watched and tested for purity. Chemists are on the alert for any new change which may affect the water.

Water supplies in Terre Haute have never failed, and there is little liklihood of a shortage developing. The Terre Haute Water Works Corporation, looking towards the future, is planning to add to its facilities in order to improve service to outlying districts. The Company already has two booster stations to provide adequate service to the Allendale and Youngstown areas and plans are being made to erect additional elevated storage to serve some of the outlying sections of the City, and to provide adequate fire protection.

Operations of the Water Company are tied in with those of the Fire Department, of necessity. Fire alarm bells are installed at the pumping station and when an alarm sounds, the water pressure is increased to assure adequate water for fighting the fire.

Terre Haute has 18 grade, 4 Junior High Schools and 4 Senior High Schools with an enrollment of 10,098 and employing 377 teachers.

A total of 99 churches are located within the City comprising many denominations.

There are two non-profit hospitals and two privately owned, with a total bed capacity of 382. Contracts have just been let and work has begun at both of the non-profit hospitals to enlarge present facilities and provide additional bed capacity.

There are two airports at Terre Haute with a total of 808 acres.

To provide playgrounds for youngsters and recreation, a total of 18 public parks comprising 764 acres, are maintained by the City of Terre Haute.

The County Fairgrounds located adjacent to the City, is a modern plant with one of the best one-half mile dirt tracks for horse racing in the country.

Terre Haute has been fortunate in having a very active Chamber of Commerce, which has not only been helpful to the City of Terre Haute itself, but has proven of benefit to neighboring cities, helping these communities secure additional industries. C. L. "Speed" Shidler, Vice President of the Chamber of Commerce for the past ten years, deserves much of the credit for the enthusiasm which has inspired the City's business leaders.

# PUBLIC SERVICE COMPANY OF INDIANA, INC.

# ANNUAL REPORT 1944

# PUBLIC SERVICE COMPANY OF INDIANA, INC.

*110 North Illinois Street, Indianapolis 9, Indiana*

## BOARD OF DIRECTORS

HUGH A. BARNHART
WILLIAM C. FREEMAN
ROBERT A. GALLAGHER
DUDLEY R. GALLAHUE
WILLIAM C. GRIFFITH
ANTON HULMAN, JR.
LOUIS B. SCHIESZ
PEIRCE C. WARD

## OFFICERS

| | |
|---|---|
| ROBERT A. GALLAGHER | *President* |
| LOUIS B. SCHIESZ | *First Vice-President* |
| DAVID P. PARDEE | *Vice-President and Comptroller* |
| GARLAND J. OGLEBAY | *Vice-President* |
| EDWIN J. BOOTH | *Secretary* |
| PAUL STARK | *Treasurer* |
| EARL H. CONWAY | *Assistant Comptroller* |
| LOIS ALLEN | *Assistant Secretary* |
| ARTHUR E. IRWIN | *Assistant Treasurer* |

## STOCK TRANSFER AGENTS

*Preferred and Common Stock*

Continental Illinois National Bank and Trust Company of Chicago,
231 South LaSalle Street,
Chicago 90

Bankers Trust Company,
16 Wall Street,
New York 15

## REGISTRARS OF STOCK

*Preferred Stock*

City National Bank and Trust Company of Chicago,
208 South LaSalle Street,
Chicago 90

*Common Stock*

The First National Bank of Chicago,
38 South Dearborn Street,
Chicago 90

*Preferred and Common Stock*

The Chase National Bank of the City of New York,
11 Broad Street, New York 15

PUBLIC SERVICE COMPANY OF INDIANA, INC.

# CERTAIN FINANCIAL AND OPERATING COMPARISONS

## TOTAL OPERATING REVENUES

1944 . . . . . $30,595,369
1943 . . . . . 28,157,061
Increase 8.66%

## ELECTRIC REVENUES

1944 . . . . . $26,427,323
1943 . . . . . 24,101,561
Increase 9.65%

## KILOWATT HOURS SOLD

1944 . . . . . 1,547,167,124
1943 . . . . . 1,306,154,326
Increase 18.45%

## ELECTRIC CUSTOMERS

End of Year

1944 . . . . . 237,616
1943 . . . . . 233,884
Increase 1.60%

## AVERAGE RESIDENTIAL REVENUE

Per Kilowatt Hour

1944 . . . . . 4.37¢
1943 . . . . . 4.48¢
Decrease 2.46%

## AVERAGE RESIDENTIAL USE

In Kilowatt Hours

1944 . . . . . 865
1943 . . . . . 830
Increase 4.22%

## PROVISION FOR TAXES

1944 . . . . . $8,970,559
1943 . . . . . 6,979,547
Increase 28.53%

## GAS REVENUES

1944 . . . . . $3,269,170
1943 . . . . . 3,202,162
Increase 2.09%

## THERMS OF GAS SOLD

1944 . . . . . 43,776,554
1943 . . . . . 43,965,856
Decrease .43%

## GAS CUSTOMERS

End of Year

1944 . . . . . 59,091
1943 . . . . . 56,676
Increase 4.26%

## AVERAGE RESIDENTIAL REVENUE

Per Therm

1944 . . . . . 15.72¢
1943 . . . . . 15.90¢
Decrease 1.13%

## AVERAGE RESIDENTIAL USE

In Therms

1944 . . . . . 182
1943 . . . . . 177
Increase 2.82%

## DEPRECIATION AND MAINTENANCE

1944 . . . . . $4,537,099
1943 . . . . . 4,015,968
Increase 12.98%

*To the Shareholders of*
*PUBLIC SERVICE COMPANY OF INDIANA, INC.:*

THE BOARD OF DIRECTORS presents herewith the Annual Report of Public Service Company of Indiana, Inc. for the year ended December 31, 1944, including comparative balance sheets at December 31, 1944 and 1943, and related statements of income and surplus, together with the accompanying auditors' certificate, included herein on pages 12 to 15.

## Results of Operations

NET INCOME for the year 1944 was $2,874,844.11, equivalent to $19.40 per share of preferred stock and to $1.93 per share of common stock, after deducting annual dividend requirements on the preferred stock.

During the year the Company paid regular quarterly dividends on its 5% Cumulative Preferred Stock and paid four quarterly dividends of 25 cents per share on its Common Stock. This was a continuation of the rates paid by the Company since its incorporation on September 6, 1941.

The income and expenses, by years, from 1941 to 1944 (including the combined income, after elimination of intercompany items, of the Constituent Corporations for the period prior to September 6, 1941, the date of their consolidation into the Company), were as follows:

| | 1941 | 1942 | 1943 | 1944 |
|---|---|---|---|---|
| OPERATING REVENUES: | | | | |
| Electric | $20,460,789 | $22,066,124 | $24,101,561 | $26,427,323 |
| Gas | 2,351,098 | 2,796,380 | 3,202,162 | 3,269,170 |
| Water | 669,602 | 682,875 | 718,533 | 750,200 |
| Sundry | 121,104 | 115,748 | 134,805 | 148,676 |
| | $23,602,593 | $25,661,127 | $28,157,061 | $30,595,369 |
| OPERATING EXPENSES AND TAXES: | | | | |
| Operation | $ 9,216,808 | $10,084,412 | $11,347,060 | $11,778,320 |
| Maintenance | 1,270,892 | 1,194,608 | 1,315,968 | 1,642,935 |
| Provision for depreciation | 2,433,912 | 2,651,575 | 2,700,000 | 2,894,164 |
| Provision for taxes— | | | | |
| State, local and miscellaneous Federal | 2,229,551 | 2,075,280 | 2,191,553 | 2,247,559 |
| Federal income and excess profits taxes (including charges in lieu thereof) | 1,781,902 | 3,789,000 | 4,787,994 | 6,723,000 |
| | $16,933,065 | $19,794,875 | $22,342,575 | $25,285,978 |
| NET OPERATING INCOME | $ 6,669,528 | $ 5,866,252 | $ 5,814,486 | $ 5,309,391 |
| OTHER INCOME (LOSS): | | | | |
| Dividends, interest and other income—net | $ 23,684 | $ 40,023 | $ 84,708 | $ 102,058 |
| Rentals and other charges—leased railway property | (195,440) | (26,363) | — | — |
| | $ (171,756) | $ 13,660 | $ 84,708 | $ 102,058 |
| GROSS INCOME | $ 6,497,772 | $ 5,879,912 | $ 5,899,194 | $ 5,411,449 |
| INTEREST AND OTHER DEDUCTIONS: | | | | |
| Interest on long-term debt | $ 2,646,614 | $ 2,582,965 | $ 2,499,977 | $ 2,249,508 |
| Amortization of debt discount, premium and expense—net | 610,909 | 569,551 | 550,406 | 347,154 |
| Miscellaneous income deductions—net | 80,613 | 22,850 | (34,409) | (60,057) |
| | $ 3,338,136 | $ 3,175,366 | $ 3,015,974 | $ 2,536,605 |
| NET INCOME | $ 3,159,636 | $ 2,704,546 | $ 2,883,220 | $ 2,874,844 |
| NET INCOME PER SHARE: | | | | |
| Preferred stock | $ 21.32 | $ 18.25 | $ 19.45 | $ 19.40 |
| Common stock | 2.18 | 1.77 | 1.93 | 1.93 |

Operating revenues and statistics for the last four years are shown in detail on pages 18 to 20.

Throughout the year the Company continued to apply its efforts to the vital task of supplying electricity, gas and water for war production and civilian use. Its interconnected electric system successfully met the requirements of greatly expanded industrial activities, as well as increased civilian requirements.

The ability to provide the service called for by these wartime demands has been largely due to the major construction program which has been carried on during the past five years and which was described in detail in the annual report for the year 1943.

The record of the Company during these five years is one of unusual achievement. Despite the many difficulties growing out of wartime conditions, the Company has practically completed in this period the major program of expansion of its electric generating and high-tension transmission facilities. As a result of this construction program, the Company has added 137,500 kilowatts of modern generating station capacity to its system, and has expanded its high-tension transmission system through the construction of 329 circuit miles of 132,000 volt line and 188 circuit miles of 66,000 volt line, together with all necessary substation facilities. In addition, the Company now has under construction an additional generating unit of 50,000 kilowatts which it expects to have in operation by September, 1945, at which time the Company will have 315,000 kilowatts of installed generating capacity.

As a point of interest the following summary shows a comparison of the generation, purchase and sale of electricity in kilowatt hours for the years 1940 and 1944:

| | Year 1940 | | Year 1944 | | Increase | |
|---|---|---|---|---|---|---|
| | KWH | % of Output | KWH | % of Output | KWH | % of Output |
| Generated—Net | 763,945,735 | 77.16 | 1,532,770,431 | 84.63 | 768,824,696 | 93.65 |
| Purchased | 226,188,801 | 22.84 | 278,331,619 | 15.37 | 52,142,818 | 6.35 |
| Total | 990,134,536 | 100.00 | 1,811,102,050 | 100.00 | 820,967,514 | 100.00 |
| Used by Company | 9,166,039 | .93 | 11,397,610 | .63 | 2,231,571 | .27 |
| Unaccounted for (Loss) | 177,388,639 | 17.92 | 252,537,316 | 13.94 | 75,148,677 | 9.15 |
| Sales | 803,579,858 | 81.15 | 1,547,167,124 | 85.43 | 743,587,266 | 90.58 |
| Total | 990,134,536 | 100.00 | 1,811,102,050 | 100.00 | 820,967,514 | 100.00 |

This summary shows the greatly improved position of the Company for the servicing of post-war business although it does not reflect the full generating capability of the 50,000 kilowatt unit No. 5 at the Dresser generating station which was placed in operation in February, 1944, nor of the 37,500 kilowatt unit No. 6 at the Edwardsport generating station which was placed in operation in August, 1944.

## Salaries and Wages

TOTAL NUMBER of employees decreased from 2,470 to 2,390 during 1944, while total salaries and wages increased from $5,253,041 to $5,499,498 as follows:

| | 1944 | 1943 | Increase |
|---|---|---|---|
| Salaries and wages charged to operation, maintenance and related accounts | $5,005,903 | $4,765,171 | $240,732 |
| Salaries and wages charged to construction and retirement of utility plant | 493,595 | 487,870 | 5,725 |
| Total | $5,499,498 | $5,253,041 | $246,457 |

## Taxes

TAX PROVISIONS for 1944 and 1943, including charges in lieu of Federal taxes, were as follows:

| | 1944 | 1943 | Increase Decrease * |
|---|---|---|---|
| Federal income and excess profits: | | | |
| Provision for Federal taxes— | | | |
| Normal and surtax | $1,135,000 | $1,933,012 | $ 798,012* |
| Excess profits tax | 5,588,000 | 197,694 | 5,390,306 |
| Charges in lieu of Federal excess profits tax | — | 2,657,288 | 2,657,288* |
| Total Federal income and excess profits | $6,723,000 | $4,787,994 | $1,935,006 |
| Real estate and personal property | 1,396,613 | 1,412,280 | 15,667* |
| Indiana gross income | 289,122 | 280,184 | 8,938 |
| Federal tax on electrical energy | 386,287 | 372,728 | 13,559 |
| Social security | 101,961 | 99,158 | 2,803 |
| Miscellaneous state and Federal | 168,989 | 125,980 | 43,009 |
| Total | $9,065,972 | $7,078,324 | $1,987,648 |
| *Ratio to Operating Revenues* | *29.63%* | *25.14%* | |
| Deduct—Taxes included in clearing and other accounts | 95,413 | 98,777 | 3,364* |
| Provision for taxes segregated as such in income account | $8,970,559 | $6,979,547 | $1,991,012 |

Charges in lieu of Federal taxes for 1943 represent amounts equivalent to additional taxes which would have been payable if the Company did not have the benefit for Federal excess profits tax purposes of deductions resulting from the settlement in 1942 of a long-term lease covering the property of the Indianapolis, Columbus and Southern Traction Company, and from the refinancing of long-term debt in 1943. Such amounts have been applied in reduction of the related deferred debit accounts and, as noted in the annual report for last year, all such deductions had been utilized by the end of 1943.

## Utility Plant

UTILITY PLANT, stated at original cost, increased $6,026,035 in 1944. Gross property additions (including expenditures on construction work in progress) aggregated $7,841,491 and gross property retirements

were $1,815,456. The changes in original cost of utility plant, classified by departments, were as follows:

| | Balance Beginning of Period | Gross Additions | Gross Retirements | Net Additions | Balance Close of Period |
|---|---|---|---|---|---|
| Electric | $ 90,185,354.87 | $7,399,161.06 | $1,779,725.63 | $5,619,435.43 | $ 95,804,790.30 |
| Gas | 8,584,387.79 | 162,302.45 | (3,358.79) | 165,661.24 | 8,750,049.03 |
| Water | 4,078,625.72 | 116,121.83 | 13,342.17 | 102,779.66 | 4,181,405.38 |
| Heat and Ice | 892,790.57 | 47.79 | 11,750.01 | (11,702.22) | 881,088.35 |
| Common land, structures and equipment | 3,354,774.22 | 163,857.91 | 13,997.07 | 149,860.84 | 3,504,635.06 |
| Organization expense | 225,629.48 | — | — | — | 225,629.48 |
| Total | $107,321,562.65 | $7,841,491.04 | $1,815,456.09 | $6,026,034.95 | $113,347,597.60 |

## Long-Term Debt

FIRST MORTGAGE debt was reduced by $178,500 during 1944 consisting of $46,500 Series B and $132,000 Series C bonds retired in accordance with sinking fund provisions. Unsecured notes of $576,000 matured and were paid during the year.

The long-term debt retirement obligations of the Company for the years 1945 to 1950, both inclusive, are summarized as follows:

| Year | Total Principal Amount of Long-Term Debt to be Retired | Principal Amount of First Mortgage Bonds to be Retired in Accordance with Sinking Fund Provisions | Unsecured Note Maturities |
|---|---|---|---|
| 1945 | $ 1,754,500 | $ 178,500 | $1,576,000 |
| 1946 | 2,134,500 | 558,500 | 1,576,000 |
| 1947 | 2,134,500 | 558,500 | 1,576,000 |
| 1948 | 2,134,500 | 558,500 | 1,576,000 |
| 1949 | 2,134,500 | 558,500 | 1,576,000 |
| 1950 | 1,634,500 | 558,500 | 1,076,000 |
| Total | $11,927,000 | $2,971,000 | $8,956,000 |

## Coal Supply

ALL THE COAL, 545,891 tons, which was mined by the Company at its Dresser mine in 1944 was used in connection with the operation of the Company's Dresser electric generating station. Such tonnage was 59,957 tons more than the amount produced at this mine in 1943, and represented 63 percent of the 1944 coal requirements at the Dresser station.

Operation of the Edwardsport mine of the Company was carried on throughout the first ten months of 1944, and 258,248 tons of coal were produced at this mine by strip mining operation. All this coal was used at the Company's Edwardsport electric generating station, and represented 78 percent of the coal requirements at this station for 1944. Because of the fact that the coal in the acreage of the Company, mineable by strip mining operations, was about exhausted, the Company contracted dur-

ing the year to purchase coal from a new strip mine in the area which was being opened by Shasta Coal Corporation. Deliveries under this contract began in November. At least 75 per cent of the coal requirements of the Company for its Edwardsport station will be purchased under this contract. The term of the contract extends to May 1949, subject to earlier termination in the event of certain specified contingencies.

## Employees Serving in Armed Forces

ON DECEMBER 31, 1944, 339 employees were on military leave of absence from the Company and three gold stars are affixed to the Company service flag.

We respectfully salute John C. Amende, Charles M. Coplen, and Lee Smallwood who have made the supreme sacrifice in the service of our country, and we express to their families the deep sympathy and sense of loss felt by all their associates.

Twelve men have returned to the Company from military leaves of absence. The management is anxious that all the Company's employees with the armed forces return to the Company when they have completed their military service. It will make every effort to assist those who are handicapped and in possible need of further care and rehabilitation to the end that they can resume employment with the Company.

## General

EFFECTIVE MAY 29, 1944, rates for electric service were adjusted, reducing the cost of energy to a large majority of the customers served. By this adjustment the rate per kilowatt hour was lowered in the initial block of energy in the schedules for residential, commercial and small power service and a rate of 2¢ per kilowatt hour was made available for general purposes after the first 200 kilowatt hours in the schedules for residential service and after the first 2,000 kilowatt hours in the schedules for commercial and small power services. This adjustment will result in estimated savings to the Company's customers of approximately $410,000 per annum.

DURING THE YEAR the Company announced the adoption of a new sales promotion policy. Under this program the Company will not engage in the direct sale of electric and gas appliances but will devote its efforts to the development of dealer outlets by assisting the dealers located throughout the territory in the sale of all types of load-building appliances.

AT THE annual shareholders' meeting April 3, 1944, Mr. Anton Hulman, Jr. of Terre Haute, Indiana was elected a Director to succeed Mr. Stuart J. Barrett who resigned, effective December 28, 1943. Mr. Kurt F. Pantzer resigned as a Director, effective November 16, 1944, and the vacancy created thereby has not yet been filled.

DURING THE YEAR, 91 percent of the employees participated in the purchase of United States War Savings Bonds. Through this program $592,500 maturity value of War Savings Bonds were issued and sold through the Company to its employees.

THE RESULTS of the year's operations are briefly presented in this report. Inquiry is invited from any shareholder who desires additional or more detailed information on any subject affecting his interest in the Company.

THE RECORD of successful operation throughout the year is a tribute to the co-operative efforts of the officers and employees, for which the Board of Directors expresses its appreciation.

By order of the Board of Directors,

ROBERT A. GALLAGHER
*President*

*Indianapolis, Indiana*
*February 12, 1945*

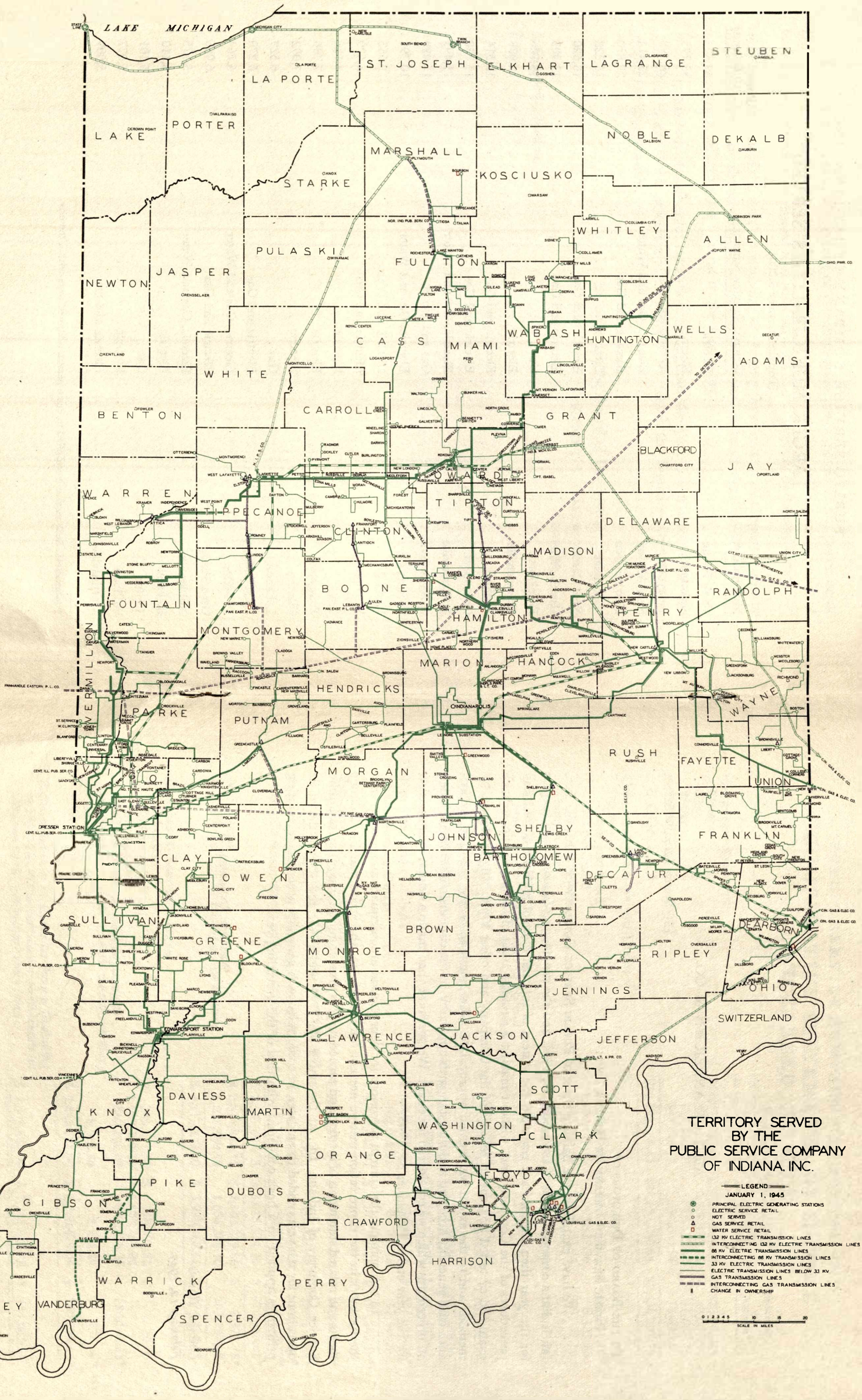
PUBLIC SERVICE COMPANY OF INDIANA, INC.

# LARGER MUNICIPALITIES SERVED

(Population over 5,000)

| Municipality | Utility Service Supplied | Population (1940 Census) |
|---|---|---|
| Terre Haute | Electric | 62,693 |
| Kokomo | Electric | 33,795 |
| Lafayette | Electric and Gas* | 28,798 |
| New Albany | Electric, Gas and Water | 25,414 |
| Bloomington | Electric and Gas | 20,870 |
| Vincennes | Electric | 18,228 |
| New Castle | Electric and Gas | 16,620 |
| Huntington | Electric and Gas | 13,903 |
| Frankfort | Gas | 13,706 |
| Connersville | Electric | 12,898 |
| Bedford | Electric and Gas | 12,514 |
| Columbus | Electric and Gas | 11,738 |
| Jeffersonville | Electric, Gas and Water | 11,493 |
| Crawfordsville | Gas and Water | 11,089 |
| Shelbyville | Electric, Gas and Water | 10,791 |
| Wabash | Electric and Water | 9,653 |
| Seymour | Electric and Gas | 8,620 |
| Brazil | Electric | 8,126 |
| Princeton | Electric | 7,786 |
| Clinton | Electric | 7,092 |
| Lebanon | Gas | 6,529 |
| West Lafayette | Electric and Gas | 6,270 |
| Franklin | Electric, Gas and Water | 6,264 |
| Greensburg | Electric and Gas | 6,065 |
| Noblesville | Electric, Gas and Water | 5,575 |
| Bicknell | Electric | 5,110 |
| Tipton | Gas | 5,101 |
| Sullivan | Electric | 5,077 |
| Martinsville | Electric and Gas | 5,009 |

*Commercial heat service is supplied to customers in a limited area within the city.


LAKE MICHIGAN
LAKE
PORTER
LA PORTE
ST. JOSEPH
ELKHART
LAGRANGE
STEUBEN
NOBLE
DEKALB
MARSHALL
STARKE
KOSCIUSKO
PULASKI
FULTON
WHITLEY
ALLEN
NEWTON
JASPER
CASS
MIAMI
WABASH
HUNTINGTON
WELLS
ADAMS
WHITE
CARROLL
GRANT
BENTON
BLACKFORD
JAY
HOWARD
TIPTON
WARREN
TIPPECANOE
DELAWARE
CLINTON
MADISON
BOONE
RANDOLPH
FOUNTAIN
HAMILTON
HENRY
MONTGOMERY
MARION
HANCOCK
VERMILLION
PARKE
HENDRICKS
WAYNE
PUTNAM
RUSH
MORGAN
FAYETTE
UNION
SHELBY
JOHNSON
FRANKLIN
CLAY
OWEN
BARTHOLOMEW
DECATUR
SULLIVAN
GREENE
BROWN
DEARBORN
MONROE
RIPLEY
JENNINGS
OHIO
SWITZERLAND
LAWRENCE
JACKSON
JEFFERSON
DAVIESS
MARTIN
SCOTT
KNOX
WASHINGTON
CLARK
ORANGE
PIKE
DUBOIS
FLOYD
GIBSON
CRAWFORD
HARRISON
WARRICK
PERRY
POSEY
VANDERBURG
SPENCER
MICHIGAN CITY
LA PORTE
VALPARAISO
CROWN POINT
KNOX
KENTLAND
MONTICELLO
LOGANSPORT
PERU
WINAMAC
ROCHESTER
PLYMOUTH
BOURBON
WARSAW
GOSHEN
SOUTH BEND
TWIN BRANCH
NEW CARLISLE
ANGOLA
LAGRANGE
AUBURN
ALBION
COLUMBIA CITY
LARWILL
SIDNEY
COLLAMER
LIBERTY MILLS
WARREN
ATTICA
WEST LAFAYETTE
LAFAYETTE
OTTERBEIN
MONTMORENCI
KOKOMO
GALVESTON
CONVERSE
MIER
MARION
HUNTINGTON
ANDREWS
WABASH
DECATUR
BLUFFTON
FORT WAYNE
ROBINSON PARK
OHIO PWR. CO.
TO DETROIT
TO CHICAGO
TO GRAYSVILLE
TO ORR CO.
CIN. GAS & ELEC. CO.
DRESSER STATION
CENT. ILL. PUB. SER. CO.
NOR. IND. PUB. SERV. CO.
PANHANDLE EASTERN P. L. CO.
PAN. EAST. P. L. CO.
EDWARDSPORT STATION
INDIANAPOLIS
LOUISVILLE GAS & ELEC. CO.
OHIO VALLEY GAS CORP.
KY. NAT. GAS CORP.
SEIP CO.
TERRITORY SERVED BY THE PUBLIC SERVICE COMPANY OF INDIANA, INC.
LEGEND
JANUARY 1, 1945
PRINCIPAL ELECTRIC GENERATING STATIONS
ELECTRIC SERVICE RETAIL
NOT SERVED
GAS SERVICE RETAIL
WATER SERVICE RETAIL
132 KV ELECTRIC TRANSMISSION LINES
INTERCONNECTING 132 KV ELECTRIC TRANSMISSION LINES
66 KV ELECTRIC TRANSMISSION LINES
INTERCONNECTING 66 KV TRANSMISSION LINES
33 KV ELECTRIC TRANSMISSION LINES
ELECTRIC TRANSMISSION LINES BELOW 33 KV
GAS TRANSMISSION LINES
INTERCONNECTING GAS TRANSMISSION LINES
CHANGE IN OWNERSHIP
0 1 2 3 4 5 10 15 20
SCALE IN MILES

ARTHUR ANDERSEN & CO.

120 South LaSalle Street
CHICAGO 3

To the Board of Directors of
Public Service Company of Indiana, Inc.:

We have examined the balance sheet of Public Service Company of Indiana, Inc. (an Indiana corporation) as of December 31, 1944, and the statements of income and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary. We previously had made a similar examination for the year ended December 31, 1943.

In our opinion, the current provisions for depreciation are adequate and, except that the balances in the depreciation reserve are not fully adequate, the accompanying balance sheets and related statements of income and earned surplus present fairly the position of Public Service Company of Indiana, Inc. at December 31, 1944 and 1943, and the results of its operations for the years ended those dates, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co.

*Chicago, Illinois*
*February 12, 1945.*

PUBLIC SERVICE COMPANY OF INDIANA, INC.

# COMPARATIVE STATEMENTS OF INCOME AND EARNED SURPLUS

| | Year Ended December 31 | | Increase or Decrease* |
|---|---|---|---|
| | 1944 | 1943 | |
| OPERATING REVENUES: | | | |
| Electric | $26,427,323.08 | $24,101,561.20 | $2,325,761.88 |
| Gas | 3,269,169.51 | 3,202,162.15 | 67,007.36 |
| Water | 750,200.10 | 718,532.35 | 31,667.75 |
| Sundry | 148,675.74 | 134,804.94 | 13,870.80 |
| | $30,595,368.43 | $28,157,060.64 | $2,438,307.79 |
| OPERATING EXPENSES AND TAXES: | | | |
| Operation— | | | |
| Power purchased | $ 2,023,371.01 | $ 2,506,702.17 | $ 483,331.16* |
| Gas purchased | 1,409,145.99 | 1,403,822.26 | 5,323.73 |
| Other operation | 8,345,802.60 | 7,436,535.44 | 909,267.16 |
| Maintenance | 1,642,935.10 | 1,315,968.55 | 326,966.55 |
| Provision for depreciation | 2,894,163.78 | 2,700,000.00 | 194,163.78 |
| Provision for taxes— | | | |
| State, local and miscellaneous Federal | 2,247,559.43 | 2,191,552.66 | 56,006.77 |
| Federal income and excess profits taxes— | | | |
| Normal and surtax | 1,135,000.00 | 1,933,012.00 | 798,012.00* |
| Excess profits tax | 5,588,000.00 | 197,693.94 | 5,390,306.06 |
| Charges in lieu of Federal excess profits tax (see note) | — | 2,657,288.06 | 2,657,288.06* |
| | $25,285,977.91 | $22,342,575.08 | $2,943,402.83 |
| NET OPERATING INCOME | $ 5,309,390.52 | $ 5,814,485.56 | $ 505,095.04* |
| OTHER INCOME (NET) | 102,058.32 | 84,708.46 | 17,349.86 |
| GROSS INCOME | $ 5,411,448.84 | $ 5,899,194.02 | $ 487,745.18* |
| INTEREST AND OTHER DEDUCTIONS: | | | |
| Interest on long-term debt | $ 2,249,507.90 | $ 2,499,977.32 | $ 250,469.42* |
| Amortization of debt discount, premium and expense (net) | 347,153.73 | 550,406.42 | 203,252.69* |
| Interest charged to construction (credit) | (106,763.31) | (85,240.31) | 21,523.00* |
| Miscellaneous interest and other deductions | 46,706.41 | 50,830.73 | 4,124.32* |
| | $ 2,536,604.73 | $ 3,015,974.16 | $ 479,369.43* |
| NET INCOME | $ 2,874,844.11 | $ 2,883,219.86 | $ 8,375.75* |
| EARNED SURPLUS AT BEGINNING OF PERIOD | 1,238,988.98 | 1,056,248.76 | 182,740.22 |
| | $ 4,113,833.09 | $ 3,939,468.62 | $ 174,364.47 |
| CHARGES TO EARNED SURPLUS: | | | |
| Dividends— | | | |
| Preferred stock | $ 740,817.50 | $ 740,797.50 | $ 20.00 |
| Common stock | 1,107,769.00 | 1,107,769.00 | — |
| Provision for utility plant adjustments | 563,232.00 | 843,376.25 | 280,144.25* |
| Premium on bonds retired through sinking fund | 8,362.50 | 8,536.89 | 174.39* |
| | $ 2,420,181.00 | $ 2,700,479.64 | $ 280,298.64* |
| EARNED SURPLUS AT CLOSE OF PERIOD (including in 1944, $76,492.36 restricted as to dividends on common stock—see balance sheet note) | $ 1,693,652.09 | $ 1,238,988.98 | $ 454,663.11 |

NOTE: These charges represent amounts equivalent to additional taxes which would have been payable if the Company did not have the benefit, for Federal excess profits tax purposes, of deductions resulting from the refinancing of long-term debt in 1943 and from the settlement of a long-term lease in 1942. Such amounts have been credited to unamortized debt discount and expense and to the cost of settlement of the long-term lease, respectively.

PUBLIC SERVICE COMPANY OF INDIANA, INC.

# COMPARATIVE BALANCE SHEETS

## ASSETS

| | December 31 1944 | December 31 1943 | Increase or Decrease* |
|---|---|---|---|
| **UTILITY PLANT:** | | | |
| Original cost | $113,347,597.60 | $107,321,562.65 | $6,026,034.95 |
| Cost in addition to original cost (acquisition adjustment accounts, provision for disposition of which is being made during the period ending October 31, 1958), less reserve of $711,026.92 in 1944, and $224,706.70 in 1943 | 8,008,382.86 | 8,571,614.86 | 563,232.00* |
| | $121,355,980.46 | $115,893,177.51 | $5,462,802.95 |
| **CONSTRUCTION FUND**—United States 7/8% Treasury Certificates of Indebtedness | $ 2,000,000.00 | $ 4,000,000.00 | $2,000,000.00* |
| **INVESTMENTS:** | | | |
| Subsidiary companies not consolidated | $ 89,944.25 | $ 98,034.63 | $ 8,090.38* |
| Miscellaneous investments and special deposits, less reserve | 243,014.22 | 182,655.56 | 60,358.66 |
| | $ 332,958.47 | $ 280,690.19 | $ 52,268.28 |
| **CURRENT ASSETS:** | | | |
| Cash | $ 4,326,057.27 | $ 4,463,933.44 | $ 137,876.17* |
| United States Treasury Tax Notes | 6,042,000.00 | 3,510,000.00 | 2,532,000.00 |
| Accounts receivable (including installment accounts), less reserve of $169,496.82 in 1944, and $173,168.95 in 1943 | 1,895,738.78 | 1,785,451.82 | 110,286.96 |
| Materials and supplies—priced substantially at average cost, less reserve of $25,906.27 in 1943 | 2,335,436.25 | 2,181,228.79 | 154,207.46 |
| Prepaid insurance, taxes, etc. | 197,721.50 | 200,509.24 | 2,787.74* |
| | $ 14,796,953.80 | $ 12,141,123.29 | $2,655,830.51 |
| **DEFERRED DEBITS:** | | | |
| Unamortized debt discount and expense—applicable to refunded issues—being amortized at the rate of $380,698 per annum | $ 1,522,792.06 | $ 1,903,490.14 | $ 380,698.08* |
| Other deferred debits, less reserve | 22,042.81 | 24,601.61 | 2,558.80* |
| | $ 1,544,834.87 | $ 1,928,091.75 | $ 383,256.88* |
| | $140,030,727.60 | $134,243,082.74 | $5,787,644.86 |

NOTE: Conditions imposed by order of the Securities and Exchange Commission, effective during the ten years beginning January 1, 1943, restrict the surplus account as to dividends on common stock in an accumulative amount of not less than $750,000 per year, or an aggregate amount of $7,500,000 for the ten-year period; provided,



## LIABILITIES

| | December 31 1944 | December 31 1943 | Increase or Decrease* |
|---|---|---|---|
| **CAPITAL STOCK:** | | | |
| Cumulative preferred stock—par value $100 per share—authorized 300,000 shares—issued and outstanding 148,185-270/300 shares, 5%, Series A | $ 14,818,590.00 | $ 14,818,590.00 | $ — |
| Common stock—without par value—stated value equivalent to $25 per share—authorized 2,000,000 shares—issued and outstanding 1,107,777-239/300 shares | 27,694,444.92 | 27,694,444.92 | — |
| | $ 42,513,034.92 | $ 42,513,034.92 | $ — |
| **LONG-TERM DEBT:** | | | |
| First mortgage bonds— | | | |
| Series B, 3½%, due March 1, 1971 | $ 4,557,000.00 | $ 4,603,500.00 | $ 46,500.00* |
| Series C, 3⅜%, due November 1, 1971 | 12,936,000.00 | 13,068,000.00 | 132,000.00* |
| Series D, 3⅜%, due March 1, 1972 | 4,000,000.00 | 4,000,000.00 | — |
| Series E, 3¼%, due May 1, 1973 | 38,000,000.00 | 38,000,000.00 | — |
| Unsecured notes— | | | |
| 2¼%, 2¾% and 3%, maturing serially to 1950 | 7,000,000.00 | 8,500,000.00 | 1,500,000.00* |
| 4%, maturing serially to 1961 | 1,216,000.00 | 1,292,000.00 | 76,000.00* |
| | $ 67,709,000.00 | $ 69,463,500.00 | $1,754,500.00* |
| **CURRENT LIABILITIES:** | | | |
| Unsecured notes, maturing within one year | $ 1,576,000.00 | $ 576,000.00 | $1,000,000.00 |
| Accounts payable | 1,272,773.45 | 1,636,925.61 | 364,152.16* |
| Customers' deposits | 730,324.38 | 701,402.33 | 28,922.05 |
| Accrued taxes—State, local, etc. | 1,608,944.93 | 1,622,279.88 | 13,334.95* |
| Federal income and excess profits taxes | 5,482,325.79 | 3,890,880.31 | 1,591,445.48 |
| Accrued interest | 568,821.06 | 562,754.93 | 6,066.13 |
| Miscellaneous current liabilities | 65,075.24 | 74,600.37 | 9,525.13* |
| | $ 11,304,264.85 | $ 9,064,843.43 | $2,239,421.42 |
| **DEFERRED CREDITS:** | | | |
| Unamortized debt premium, less expense—applicable to outstanding issues | $ 829,215.07 | $ 862,759.42 | $ 33,544.35* |
| Customers' advances for construction | 132,577.23 | 171,089.97 | 38,512.74* |
| Other deferred credits | 5,848.81 | 33,838.33 | 27,989.52* |
| | $ 967,641.11 | $ 1,067,687.72 | $ 100,046.61* |
| **RESERVES:** | | | |
| Depreciation reserve | $ 10,640,300.11 | $ 8,833,739.58 | $1,806,560.53 |
| Provision for contingent Federal income and excess profits taxes | 4,046,086.26 | 1,041,996.53 | 3,004,089.73 |
| Miscellaneous reserves | 490,460.67 | 377,928.48 | 112,532.19 |
| | $ 15,176,847.04 | $ 10,253,664.59 | $4,923,182.45 |
| **CONTRIBUTIONS IN AID OF CONSTRUCTION** | $ 666,287.59 | $ 641,363.10 | $ 24,924.49 |
| **EARNED SURPLUS** (including in 1944, $76,492.36 restricted as to dividends on common stock—see note) | $ 1,693,652.09 | $ 1,238,988.98 | $ 454,663.11 |
| | $140,030,727.60 | $134,243,082.74 | $5,787,644.86 |

however, that there may be charged against the surplus so restricted, charges properly applicable to earned surplus, including charges resulting from adjusting the utility plant account to the original cost thereof. Under the latter provision allowable charges to December 31, 1944, aggregated $1,423,507.64 or $76,492.36 less than the amount restricted.

# CAPITALIZATION DECEMBER 31, 1944

## FIRST MORTGAGE BONDS

The amount of bonds issuable under the indenture is unlimited, and, subject to the terms thereof, additional bonds of any series may be issued.

SERIES B, 3½%, dated March 1, 1941, due March 1, 1971:

Outstanding . . . . . $ 4,557,000

(Entire issue sold to an institutional investor)

REDEMPTION PROVISIONS:

Redeemable (except in cases of redemption through the operation of the sinking fund as outlined in the following paragraph) as a whole at any time or in part from time to time at 109⅔ prior to March 1, 1942, reduced successively by ⅓ of 1% on March 1 of each of the years 1942 to 1970, both inclusive; and on or after March 1, 1970, without premium.

SINKING FUND PROVISIONS:

Retire during the calendar year 1942 and during each calendar year thereafter (see note) an amount of bonds of Series B equal to 1% of the greatest principal amount of Series B bonds outstanding at any time between March 1, 1941 and the end of such calendar year. (Under this provision $46,500 principal amount of bonds are required to be retired annually.) Subject to redemption through the operation of said sinking fund at a premium of 4¾% prior to March 1, 1943, reduced successively by ⅛ of 1% on March 1 in each of the years 1943 to 1960, both inclusive, and by ¼ of 1% on March 1 in each of the years 1961 to 1969, both inclusive.

TAX PROVISIONS: NONE.

SERIES C, 3⅜%, dated November 1, 1941, due November 1, 1971:

Outstanding . . . . . $12,936,000

(Entire issue sold to institutional investors)

REDEMPTION PROVISIONS:

Redeemable (except in cases of redemption through the sinking fund as outlined in the following paragraph) as a whole at any time or in part from time to time at a premium of 9⅔% prior to November 1, 1942, reduced successively by ⅓ of 1% on November 1 of each of the years 1942 to 1969, both inclusive, and by ⅙ of 1% on November 1, 1970.

SINKING FUND PROVISIONS:

Retire during the calendar year 1942 and during each calendar year thereafter (see note) an amount of bonds of Series C equal to 1% of the greatest principal amount of Series C bonds outstanding at any time between November 1, 1941 and the end of such calendar year. (Under this provision $132,000 principal amount of bonds are required to be retired annually.) Subject to redemption through the operation of such sinking fund at a premium of 5% prior to November 1, 1942, reduced successively by ⅛ of 1% on November 1 of each of the years 1942 to 1961, both inclusive, and by ¼ of 1% on November 1 of each of the years 1962 to 1970, both inclusive.

TAX PROVISIONS: NONE.

SERIES D, 3⅜%, dated March 1, 1942, due March 1, 1972:

Outstanding . . . . . $ 4,000,000

REDEMPTION PROVISIONS:

Redeemable (except in cases of redemption through the sinking fund as outlined in the following paragraph) as a whole at any time or in part from time to time at a premium of 5¾% prior to March 1, 1943 and thereafter during each successive twelve-month period to maturity at the following respective premiums: 5⅜%, 5⅜%, 5¼%, 5%, 4⅞%, 4⅝%, 4½%, 4¼%, 4⅛%, 4%, 3⅞%, 3¾%, 3½%, 3⅜%, 3⅜%, 2⅞%, 2¾%, 2½%, 2⅜%, 2⅛%, 2%, 1¾%, 1⅝%, 1⅜%, 1¼%, 1%, ⅞%, ⅝%, ½%, and ¼%.

SINKING FUND PROVISIONS:

Retire during the calendar year 1950 and during each calendar year thereafter (see note) an amount of bonds of Series D equal to 1½% of the greatest principal amount of Series D bonds outstanding at any time between March 1, 1942 and the end of such calendar year. Subject to redemption through the operation of such sinking fund at a premium of 2¾% prior to March 1, 1951, reduced successively by ⅛ of 1% effective on the first day of March, 1951 and on the first day of March in each year thereafter to maturity.

TAX PROVISIONS: NONE.

SERIES E, 3¼%, dated May 1, 1943, due May 1, 1973:

Outstanding . . . . . $38,000,000

REDEMPTION PROVISIONS:

Redeemable (except in cases of redemption through the sinking fund as outlined in the following paragraph) as a whole at any time or in part from time to time at a premium of 5⅜% prior to May 1, 1944 and thereafter during each successive twelve-month period prior to maturity at the following respective premiums: 5¼%, 5⅛%, 4⅞%, 4¾%, 4½%, 4⅜%, 4⅛%, 4%, 3⅞%, 3⅝%, 3½%, 3¼%, 3⅛%, 2⅞%, 2¾%, 2⅝%, 2⅜%, 2¼%, 2%, 1⅞%, 1⅝%, 1½%, 1⅜%, 1⅛%, 1%, ¾%, ⅝%, ⅜%, and ¼%.

SINKING FUND PROVISIONS:

Retire during the calendar year 1945 and during each calendar year thereafter (see note) an amount of bonds of Series E equal during the years of 1945 to 1950, both inclusive, to 1%, and during the calendar years 1951 to 1972, both inclusive, to 1½% of the greatest principal amount of Series E bonds outstanding at any time between May 1, 1943 and the end of such calendar year. Subject to redemption through the operation of such sinking fund at a premium of 3⅛% prior to January 1, 1947, reduced successively by ⅛ of 1% effective on the first day of January in each of the years 1947 to 1952, both inclusive, a premium of 2¼% effective during the years 1953 and 1954 reduced successively by ⅛ of 1% effective on the first day of January in each of the years 1955 to 1962, both inclusive, and a premium of 1⅛% effective during the years 1963 and 1964 reduced successively by ⅛ of 1% effective on the first day of January in each of the years 1965 to 1972, both inclusive.

TAX PROVISIONS: NONE.

NOTE: The Company has the option in each instance of depositing the required redemption funds with the Sinking Fund Agent by January 15 of the succeeding year.



## CAPITAL STOCK

PREFERRED STOCK:

Authorized 300,000 shares $100 par value per share, preferred as to dividends and in case of liquidation, issuable in series:

5% Cumulative Preferred Stock, Series A:

Issued and outstanding . . . . . 148,185 270/300 shares

Dividends payable March 1, June 1, September 1, and December 1.
Redeemable at $105 plus accrued dividends to the date of redemption.
Value in liquidation $100 plus accrued dividends.

COMMON STOCK:

Authorized 2,000,000 shares without par value:

Issued and outstanding . . . . . 1,107,777 239/300 shares

VOTING RIGHTS:

Except as otherwise specifically provided by the Agreement of Consolidation or by law, each share of stock, common or preferred, of the Company, is entitled, at each meeting of the shareholders, to one vote on each question presented at such meeting. In the event that (and as often as) default occurs in the payment of dividends on the preferred stock in an amount equivalent to six full quarter-yearly dividends on all shares of the preferred stock then outstanding, the preferred stock, voting separately as a class, shall thereafter, and until all existing defaults in the payment of preferred stock dividends have been remedied, elect the smallest number of members necessary to constitute a majority of the board of directors, and the common stock, voting separately as a class, shall elect the remaining directors of the Company.

NUMBER OF SHAREHOLDERS:

| | | | |
|---|---|---|---|
| Preferred Stock. . . . . | 7,387 | Common Stock. . . . . | 10,120 |

* * *

## UNSECURED NOTES

NOTES dated December 13, 1941 and issued to banks and insurance companies to evidence a like principal amount of loans . . . . . $8,500,000

| Maturity Date | Interest Rates | Principal Amount | | Maturity Date | Interest Rates | Principal Amount | |
|---|---|---|---|---|---|---|---|
| June 1, 1945 . . . . . | 2¼% | $750,000 | | December 1, 1948 . . . | 2¾% | $375,000 | |
| December 1, 1945 . . . | 2¼ | 750,000 | | March 1, 1949 . . . . . | 2¾ | 375,000 | |
| June 1, 1946 . . . . . | 2¼ | 750,000 | | June 1, 1949 . . . . . | 2¾ | 375,000 | $3,000,000 |
| December 1, 1946 . . . | 2¼ | 750,000 | | | | | |
| June 1, 1947 . . . . . | 2¼ | 750,000 | $3,750,000 | September 1, 1949 . . | 3 | $375,000 | |
| | | | | December 1, 1949 . . . | 3 | 375,000 | |
| | | | | March 1, 1950 . . . . . | 3 | 250,000 | |
| September 1, 1947 . . | 2¾ | $375,000 | | June 1, 1950 . . . . . | 3 | 250,000 | |
| December 1, 1947 . . . | 2¾ | 375,000 | | September 1, 1950 . . | 3 | 250,000 | |
| March 1, 1948 . . . . . | 2¾ | 375,000 | | December 1, 1950 . . . | 3 | 250,000 | 1,750,000 |
| June 1, 1948 . . . . . | 2¾ | 375,000 | | | | | $8,500,000 |
| September 1, 1948 . . | 2¾ | 375,000 | | | | | |

Redeemable at any time or from time to time, in whole or in part:

(a) Without premium if prepayment is made out of proceeds from the sale of stock or from undistributed net income accrued subsequent to September 6, 1941.

(b) If prepayment of notes is made from funds otherwise procured, such prepayment entails a premium ranging from ¾ of 1% to 2% at June 1, 1942, and reduced successively by 1/10 of 1% for each six-month period thereafter.

NOTES dated December 7, 1941 and issued in settlement of long-term lease . . . . . $1,292,000

Notes bear interest at the rate of 4% per annum (payable semi-annually) and mature serially in principal amounts of $38,000, payable on June 7 and December 7 of each of the years 1945 to 1961, inclusive.

PUBLIC SERVICE COMPANY OF INDIANA, INC.

# OPERATING REVENUES AND STATISTICS—ELECTRIC

(Including Constituent Corporations on a Consolidated Basis Prior to September 6, 1941)

| | Year Ended December 31 | | | |
|---|---|---|---|---|
| | 1941 | 1942 | 1943 | 1944 |
| **OPERATING REVENUES:** | | | | |
| Residential or domestic | $ 5,842,403.99 | $ 6,244,704.46 | $ 6,457,300.72 | $ 6,642,769.24 |
| Farm service | 781,197.77 | 856,941.14 | 912,008.25 | 986,984.27 |
| Other rural | 411,828.12 | 452,146.90 | 461,015.94 | 485,672.58 |
| Commercial general | 3,806,459.31 | 3,861,003.34 | 3,671,520.14 | 3,889,149.03 |
| Commercial power | 6,485,571.59 | 7,417,042.88 | 8,886,955.01 | 9,325,492.56 |
| Public street and highway lighting | 566,823.50 | 593,792.27 | 591,126.48 | 593,267.51 |
| Other sales to public authorities | 639,146.64 | 753,174.94 | 1,107,258.34 | 2,278,680.46 |
| Other electric utilities— | | | | |
| Affiliated companies | 26,397.29 | 34,215.01 | 39,066.15 | 37,581.63 |
| Not affiliated | 1,391,299.96 | 1,357,417.87 | 1,456,918.42 | 1,698,977.60 |
| Railroads and railways | 389,192.77 | 405,492.15 | 436,769.03 | 414,280.02 |
| Other revenues | 120,468.49 | 90,193.19 | 81,622.72 | 74,468.18 |
| Total revenues | $20,460,789.43 | $22,066,124.15 | $24,101,561.20 | $26,427,323.08 |
| **KILOWATT HOURS GENERATED, PURCHASED AND SOLD:** | | | | |
| Generated (net) | 914,714,275 | 1,021,626,516 | 1,163,937,448 | 1,532,770,431 |
| Purchased | 234,761,479 | 265,218,174 | 355,900,699 | 278,331,619 |
| Total | 1,149,475,754 | 1,286,844,690 | 1,519,838,147 | 1,811,102,050 |
| Losses and company use | 200,118,363 | 206,210,245 | 213,683,821 | 263,934,926 |
| Remainder | 949,357,391 | 1,080,634,445 | 1,306,154,326 | 1,547,167,124 |
| Sales: | | | | |
| Residential or domestic | 127,140,323 | 137,366,608 | 144,084,248 | 152,106,996 |
| Farm service | 16,324,142 | 18,614,543 | 20,573,792 | 22,865,214 |
| Other rural | 9,047,239 | 10,104,142 | 10,526,601 | 11,417,622 |
| Commercial general | 103,423,535 | 105,244,529 | 100,332,495 | 108,075,204 |
| Commercial power | 477,134,365 | 582,351,279 | 752,539,351 | 801,250,695 |
| Public street and highway lighting | 13,506,362 | 14,173,064 | 14,306,947 | 14,383,125 |
| Other sales to public authorities | 25,932,794 | 34,803,803 | 72,128,706 | 227,029,028 |
| Other electric utilities— | | | | |
| Affiliated companies | 1,735,942 | 2,499,526 | 2,941,699 | 2,627,509 |
| Not affiliated | 130,976,584 | 129,411,979 | 138,672,325 | 159,500,867 |
| Railroads and railways | 44,136,105 | 46,064,972 | 50,048,162 | 47,910,864 |
| Total sales | 949,357,391 | 1,080,634,445 | 1,306,154,326 | 1,547,167,124 |
| **NUMBER OF CUSTOMERS SERVED AT END OF PERIOD:** | | | | |
| Residential or domestic | 168,354 | 173,353 | 173,800 | 176,979 |
| Farm service | 15,571 | 15,877 | 16,194 | 17,048 |
| Other rural | 7,306 | 7,663 | 7,544 | 7,928 |
| Commercial general | 30,520 | 30,226 | 29,862 | 30,436 |
| Commercial power | 3,568 | 3,529 | 3,478 | 2,346 |
| Public street and highway lighting | 606 | 612 | 627 | 635 |
| Other public authorities | 2,293 | 2,352 | 2,293 | 2,162 |
| Other electric utilities— | | | | |
| Affiliated companies | 1 | 1 | 1 | 1 |
| Not affiliated | 80 | 79 | 82 | 78 |
| Railroads and railways | 4 | 4 | 3 | 3 |
| Total | 228,303 | 233,696 | 233,884 | 237,616 |
| **AVERAGE REVENUE AND USE:** | | | | |
| Average sales in kilowatt hours per residential customer | 767 | 798 | 830 | 865 |
| Average revenue per kilowatt hour from residential customers | $.0460 | $.0455 | $.0448 | $.0437 |

PUBLIC SERVICE COMPANY OF INDIANA, INC.

# OPERATING REVENUES AND STATISTICS—GAS

(Including Constituent Corporations on a Consolidated Basis Prior to September 6, 1941)

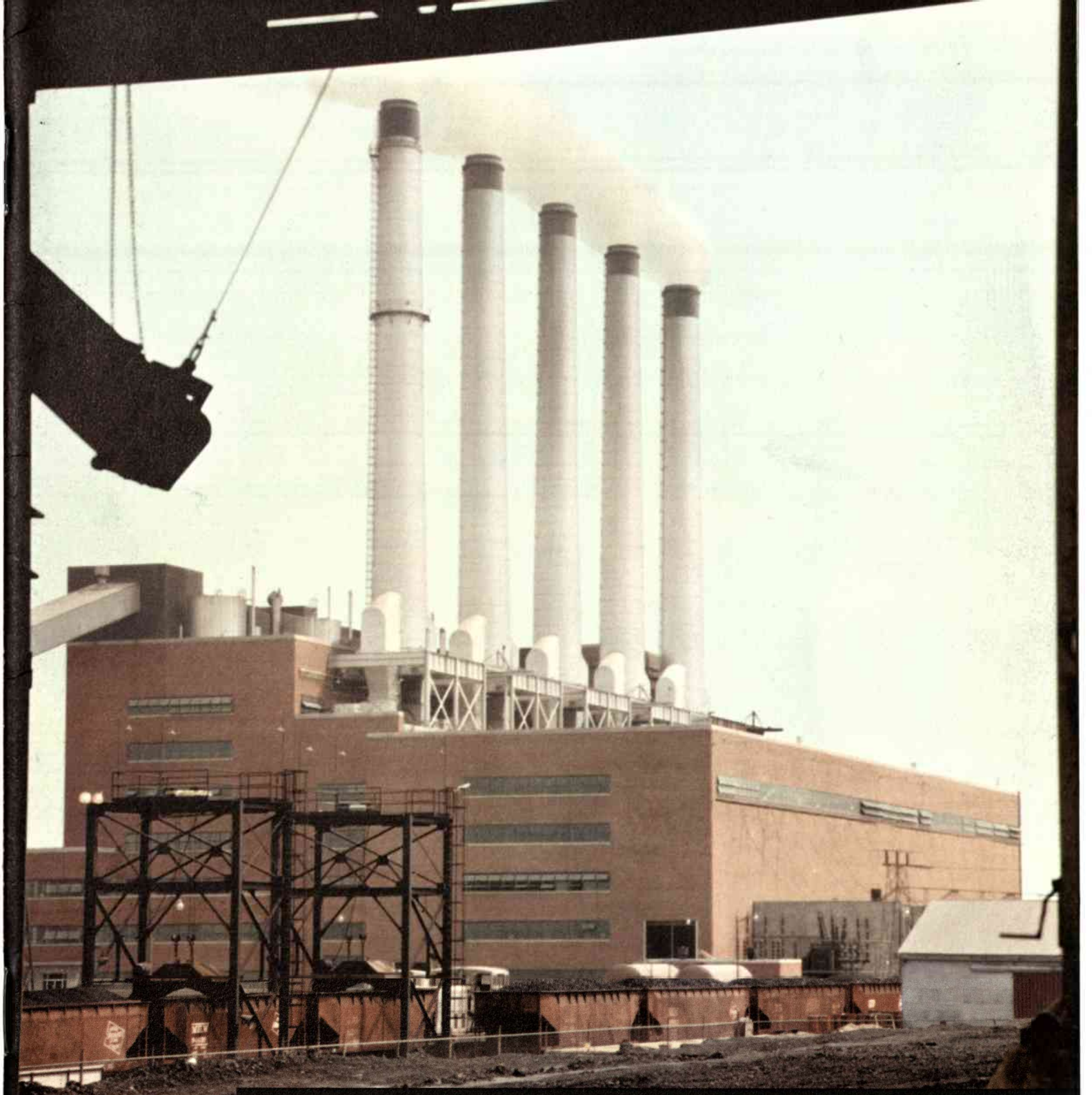
| | Year Ended December 31 | | | |
|---|---|---|---|---|
| | 1941 | 1942 | 1943 | 1944 |
| **Operating Revenues:** | | | | |
| Residential | $ 1,182,966.90 | $ 1,272,922.84 | $ 1,364,784.50 | $ 1,431,923.03 |
| House heating | 240,508.78 | 345,725.17 | 382,647.58 | 366,127.03 |
| Commercial | 256,414.21 | 300,936.82 | 336,188.77 | 358,750.16 |
| Industrial (other than interruptible) | 316,295.20 | 472,086.36 | 668,733.18 | 691,882.90 |
| Industrial (natural—interruptible) | 320,545.49 | 339,536.41 | 346,181.06 | 336,815.84 |
| Public authorities | 21,519.67 | 52,886.01 | 91,740.79 | 72,412.47 |
| Other revenues | 12,848.20 | 12,286.81 | 11,886.27 | 11,258.08 |
| Total revenues | $ 2,351,098.45 | $ 2,796,380.42 | $ 3,202,162.15 | $ 3,269,169.51 |
| **Therms Produced, Purchased and Sold:** | | | | |
| Produced | 732,870 | 1,641,223 | 2,657,151 | 2,479,812 |
| Purchased | 31,328,768 | 38,108,539 | 43,971,900 | 44,247,329 |
| Total | 32,061,638 | 39,749,762 | 46,629,051 | 46,727,141 |
| Losses and company use | 3,064,425 | 2,915,107 | 2,663,195 | 2,950,587 |
| Remainder | 28,997,213 | 36,834,655 | 43,965,856 | 43,776,554 |
| Sales: | | | | |
| Residential | 6,866,088 | 7,750,283 | 8,583,279 | 9,106,345 |
| House heating | 3,250,653 | 4,705,717 | 5,302,485 | 5,047,562 |
| Commercial | 2,816,778 | 3,573,623 | 4,015,342 | 4,213,434 |
| Industrial (other than interruptible) | 6,159,562 | 9,704,020 | 14,024,139 | 14,264,976 |
| Industrial (natural—interruptible) | 9,651,434 | 10,222,015 | 10,371,838 | 9,945,086 |
| Public authorities | 252,698 | 878,997 | 1,668,773 | 1,199,151 |
| Total sales | 28,997,213 | 36,834,655 | 43,965,856 | 43,776,554 |
| **Number of Customers Served at End of Period:** | | | | |
| Residential | 44,786 | 47,827 | 48,978 | 51,002 |
| House heating | 2,398 | 2,873 | 2,868 | 2,935 |
| Commercial | 3,632 | 3,909 | 4,412 | 4,723 |
| Industrial | 95 | 104 | 110 | 117 |
| Public authorities | 276 | 297 | 308 | 314 |
| Total | 51,187 | 55,010 | 56,676 | 59,091 |
| **Average Revenue and Use:** | | | | |
| Average sales in therms per residential customer | 153 | 166 | 177 | 182 |
| Average revenue per therm from residential customers | $.1723 | $.1642 | $.1590 | $.1572 |

PUBLIC SERVICE COMPANY OF INDIANA, INC.

# OPERATING REVENUES AND STATISTICS—WATER

(Including Constituent Corporations on a Consolidated Basis Prior to September 6, 1941)

| | Year Ended December 31 | | | |
|---|---|---|---|---|
| | 1941 | 1942 | 1943 | 1944 |
| OPERATING REVENUES: | | | | |
| Residential | $ 366,834.58 | $ 369,481.07 | $ 357,060.62 | $ 364,969.26 |
| Commercial | 118,564.89 | 126,297.73 | 155,350.55 | 167,910.25 |
| Industrial | 63,363.93 | 66,224.90 | 84,547.37 | 95,124.61 |
| Municipal hydrants | 97,011.19 | 97,666.70 | 98,033.24 | 98,170.07 |
| Miscellaneous municipal | 21,879.99 | 21,433.39 | 22,132.90 | 22,724.67 |
| Other revenues | 1,947.56 | 1,770.61 | 1,407.67 | 1,301.24 |
| Total revenues | $ 669,602.14 | $ 682,874.40 | $ 718,532.35 | $ 750,200.10 |
| THOUSANDS OF GALLONS PUMPED AND SOLD: | | | | |
| Station output (net) | 2,616,645.6 | 2,738,287.1 | 3,046,638.8 | 3,179,796.0 |
| Losses and company use | 502,139.3 | 596,813.7 | 636,790.8 | 639,000.5 |
| Remainder | 2,114,506.3 | 2,141,473.4 | 2,409,848.0 | 2,540,795.5 |
| Sales: | | | | |
| Residential | 966,510.2 | 933,650.2 | 888,226.3 | 907,011.8 |
| Commercial | 500,076.6 | 525,503.5 | 664,460.4 | 696,476.2 |
| Industrial | 483,559.5 | 517,511.1 | 689,549.8 | 760,535.6 |
| Municipal hydrants | 47,773.8 | 43,781.1 | 45,783.0 | 48,909.8 |
| Miscellaneous municipal | 116,586.2 | 121,027.5 | 121,828.5 | 127,862.1 |
| Total sales | 2,114,506.3 | 2,141,473.4 | 2,409,848.0 | 2,540,795.5 |
| NUMBER OF CUSTOMERS SERVED AT END OF PERIOD: | | | | |
| Residential | 23,949 | 23,559 | 23,197 | 23,459 |
| Commercial | 3,333 | 4,222 | 4,811 | 4,976 |
| Industrial | 216 | 212 | 236 | 243 |
| Municipal hydrants | 23 | 23 | 23 | 23 |
| Miscellaneous municipal | 212 | 208 | 211 | 207 |
| Total | 27,733 | 28,224 | 28,478 | 28,908 |



# Public Service Company of Indiana Inc.

## 1956 *Annual Report*

Farm customer—Hendricks County

# *Dependable Electric Service*

Business center—Franklin

Residential growth—New Whiteland

Court House square—Bloomington

## PUBLIC SERVICE COMPANY OF INDIANA, INC.

1000 EAST MAIN STREET PLAINFIELD, INDIANA

*Board of Directors*

HUGH A. BARNHART
RALPH K. CLIFFORD
WILLIAM C. FREEMAN
ROBERT A. GALLAGHER
DUDLEY R. GALLAHUE
WILLIAM C. GRIFFITH
EDMOND W. HEBEL
ANTON HULMAN, JR.
PEIRCE C. WARD

*Officers*

ROBERT A. GALLAGHER *President*
EDMOND W. HEBEL *Executive Vice President*
DAVID P. PARDEE *Executive Vice President*
EARL H. CONWAY *Vice President and Comptroller*
ROBERT McMURRAY *Vice President*
JOSEPH J. TRAINOR *Vice President*
EDWIN G. AABYE *Secretary and Treasurer*
JOHN R. DUNIGAN *Assistant Comptroller*
LOIS ALLEN *Assistant Secretary*
CAREY SHIPLEY *Assistant Treasurer*

*General Counsel*

PAUL G. JASPER

*Stock Transfer Agents*

PREFERRED AND COMMON STOCKS
Continental Illinois National Bank and Trust Company of Chicago, 231 South La Salle Street, Chicago 90
Bankers Trust Company, 16 Wall Street, New York 15

*Registrars of Stock*

PREFERRED AND COMMON STOCKS
The Chase Manhattan Bank, 11 Broad Street, New York 15

3½% PREFERRED STOCK
City National Bank and Trust Company of Chicago, 208 South La Salle Street, Chicago 90

4.32% PREFERRED STOCK, 4.16% PREFERRED STOCK, 4.20% PREFERRED STOCK AND COMMON STOCK
The First National Bank of Chicago, 38 South Dearborn Street, Chicago 90

*Stock Exchange Listings*

The preferred and common stocks of the Company are listed on the New York Stock Exchange and the Midwest Stock Exchange.

*THIS ANNUAL REPORT and the financial statements contained herein are submitted for the general information of the shareholders of Public Service Company of Indiana, Inc., and are not intended for use in connection with any sale or purchase of, or any offer or solicitation of offers to buy or sell, any securities of the Company.*

*COVER*—Wabash River Station

*PUBLIC SERVICE COMPANY OF INDIANA, INC.*

## FACTS IN BRIEF

| | 1956 | 1955 |
|---|---|---|
| Operating Revenues | $75,451,103 | $67,201,798 |
| Per Cent Increase over Previous Year | 12.28% | 8.85% |
| Kilowatt Hours Sold | 4,364,602,722 | 4,025,767,312 |
| Per Cent Increase over Previous Year | 8.42% | 11.59% |
| Average Revenue (cents) per Kilowatt Hour | 1.729 | 1.669 |
| Number of Customers (end of year) | 361,033 | 353,504 |
| Operating Expenses (exclusive of taxes) | $39,497,140 | $35,004,728 |
| Taxes—Federal, State and Local | 18,085,262 | 16,024,507 |
| Net Income | $13,928,496 | $12,536,223 |
| Net Income after Dividends on Preferred Stocks | 11,521,021 | 9,975,274 |
| Per Share of Common Stock: | | |
| Earnings | $2.52 | $2.35 |
| Dividends Paid | 2.00 | 2.00 |
| Gross Additions to Utility Plant | $34,104,753 | $34,174,904 |
| Domestic Electric Service: | | |
| Average Use—Kilowatt Hours | 3,129 | 2,901 |
| Average Revenue (cents) per Kilowatt Hour | 2.80 | 2.76 |
| Number of Shares of Common Stock | 4,576,599 | 4,251,060 |
| Number of Holders: | | |
| Common Stock | 25,626 | 24,257 |
| Common and Preferred Stocks | 30,554 | 32,279 |
| Number of Employees | 2,729 | 2,716 |
| Compensation of Employees (including cost of retirement and insurance benefits) | $14,213,815 | $13,552,626 |

# *To the Shareholders of Public Service Company of Indiana, Inc.*

THE BOARD OF DIRECTORS PRESENTS HEREWITH THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1956

EARNINGS on the common stock of Public Service Company of Indiana, Inc. amounted to $2.52 per share in 1956 compared with $2.35 per share in 1955. Operating results for the year do not fully reflect the improved earnings position of the Company.

Operating revenues in 1956 included the rate increase which became effective on March 26, 1956. Had the revised rates been in effect throughout the year operating revenues would have been greater by approximately $848,000. Operating expenses included $2,100,000 as a provision for extraordinary maintenance at the Dresser generating station. After allowing for Federal and State taxes, these two items would amount to 30 cents per share of outstanding common stock.

The shares of common stock outstanding increased to 4,576,599 at the end of 1956 compared with 4,251,060 at the end of 1955, as a result of the conversion of 108,513 shares (53.6% of the issue) of 4.20% preferred stock.

Further comments on the rate proceedings, generating station maintenance, construction progress, financing and the operating results for the year are presented on the following pages of this report.

## Operating Results

NET INCOME for 1956 was $13,928,496 compared with $12,536,223 for 1955. The net income of the Company for the years 1952 to 1956, inclusive, is summarized on the next page.

| | 1956 | 1955 | 1954 | 1953 | 1952 |
|---|---|---|---|---|---|
| ELECTRIC OPERATING REVENUES | $75,451,103 | $67,201,798 | $61,736,419 | $59,233,507 | $54,006,690 |
| OPERATING EXPENSES AND TAXES: | | | | | |
| Operation— | | | | | |
| Purchased power | $ 769,845 | $ 786,452 | $ 1,085,719 | $ 2,895,938 | $ 1,786,551 |
| Other operation | 23,024,679 | 21,442,328 | 20,330,848 | 21,217,734 | 19,740,651 |
| Maintenance | 6,687,433 | 4,405,717 | 3,836,668 | 3,452,631 | 3,468,063 |
| Depreciation | 9,015,183 | 8,370,231 | 7,256,900 | 5,874,718 | 5,231,302 |
| State, local and miscellaneous Federal taxes | 5,709,262 | 5,317,507 | 4,542,193 | 4,026,821 | 3,582,128 |
| Federal income taxes (including provision for deferred Federal income taxes) | 12,376,000 | 10,707,000 | 9,490,000 | 8,531,000 | 7,873,000 |
| | $57,582,402 | $51,029,235 | $46,542,328 | $45,998,842 | $41,681,695 |
| NET OPERATING INCOME | $17,868,701 | $16,172,563 | $15,194,091 | $13,234,665 | $12,324,995 |
| OTHER INCOME (NET) | 49,179 | 48,535 | 119,291 | 257,459 | 164,688 |
| GROSS INCOME | $17,917,880 | $16,221,098 | $15,313,382 | $13,492,124 | $12,489,683 |
| INTEREST AND OTHER DEDUCTIONS: | | | | | |
| Interest on long-term debt | $ 4,513,530 | $ 4,315,152 | $ 4,124,896 | $ 3,495,984 | $ 3,002,681 |
| Amortization of debt premium and expense (net) | (46,783) | (46,783) | (46,781) | (33,568) | (28,950) |
| Miscellaneous interest and other deductions | 134,130 | 148,717 | 180,709 | 169,850 | 204,082 |
| | $ 4,600,877 | $ 4,417,086 | $ 4,258,824 | $ 3,632,266 | $ 3,177,813 |
| Less—Interest charged to construction | 611,493 | 732,211 | 1,121,279 | 1,891,761 | 697,221 |
| | $ 3,989,384 | $ 3,684,875 | $ 3,137,545 | $ 1,740,505 | $ 2,480,592 |
| NET INCOME | $13,928,496 | $12,536,223 | $12,175,837 | $11,751,619 | $10,009,091 |
| DIVIDENDS ON PREFERRED STOCKS (See Note) | 2,407,475 | 2,560,949 | 2,070,682 | 1,795,316 | 966,622 |
| BALANCE AFTER DIVIDENDS ON PREFERRED STOCKS | $11,521,021 | $ 9,975,274 | $10,105,155 | $ 9,956,303 | $ 9,042,469 |
| COMMON STOCK OUTSTANDING AT CLOSE OF PERIOD | 4,576,599 shs. | 4,251,060 shs. | 4,251,060 shs. | 4,251,060 shs. | 3,780,768 shs. |
| EARNINGS PER SHARE OF COMMON STOCK | $2.52 | $2.35 | $2.38 | $2.34 | $2.39 |

NOTE: After elimination of dividends on shares converted into common stock during the respective years.



Comparative balance sheets at December 31, 1956 and 1955 and related statements of income and surplus, together with the accompanying auditors' certificate, are included herein on pages 12 to 15.

Regular quarterly dividends were paid during 1956 on the cumulative preferred stocks. On the common stock, quarterly dividends were paid at the rate of 50¢ per share, or $2.00 per share for the year. On December 1, 1956 holders of the common stock of the Company were notified that a portion of the dividends paid by the Company in 1956 should be excluded from their gross income subject to Federal income tax and applied as a reduction of the cost basis of their stock. Earnings and profits on an income tax basis were less than dividends paid because estimated allowances for rapid amortization of defense facilities and for depreciation of other properties for income tax purposes exceeded the provision made by the Company to its depreciation reserve. This is solely a Federal income tax calculation. On a corporate accounting basis, as audited by independent public accountants, there has been no distribution of capital. All dividends have been amply covered by available earned surplus.

Quarterly dividends on the outstanding common and preferred stocks have been paid without interruption since the Company's formation in September 1941.

## Salaries, Wages and Employee Benefits

TOTAL SALARIES and wages and the cost to the Company of providing employees with retirement and insurance protection for 1956 and 1955 are summarized as follows:

| | 1956 | 1955 | Increase |
|---|---|---|---|
| Salaries and wages | $12,884,933 | $12,310,550 | $574,383 |
| Retirement, life insurance and disability and hospitalization protection | 1,328,882 | 1,242,076 | 86,806 |
| TOTAL | $14,213,815 | $13,552,626 | $661,189 |

At the end of 1956, the Company had 2,729 employees compared with 2,716 employees at the end of 1955.

In February 1956 the Union, acting under the provisions of the 1955 labor union agreement with the Company, filed the necessary notice to re-open the question of wages for union employees after April 30, 1956. In the negotiations which followed, the Company and the Union were unable to agree upon new wage scale rates and, pursuant to the provisions of the agreement, the matter was submitted for arbitration in proceedings conducted by the American Arbitration Association. After extensive hearings, a decision of the arbitration board was rendered on August 22, 1956

wherein a 7½% increase was granted, effective May 1, 1956. As of the same date, adjustments were made in the compensation of non-union employees.

Under its terms, the Company's existing labor union agreement is subject to amendment or termination as of April 30, 1957 (or any subsequent one year period) if either party gives a sixty-day notice of its desire to amend or terminate the agreement. In case amendment is sought, but negotiations are not completed before the expiration date, the agreement will continue in effect so long as negotiations are in progress.

## Taxes

DURING each day of 1956, the Company's total provision for taxes, Federal and local, was over $50,000. The total provisions for taxes for the years 1956 and 1955 were as follows:

| | 1956 | 1955 | Increase Decrease* |
|---|---|---|---|
| State, local and miscellaneous Federal taxes: | | | |
| Real estate and personal property | $ 4,740,850 | $ 4,440,050 | $ 300,800 |
| Indiana gross income | 764,910 | 677,311 | 87,599 |
| Social security | 179,372 | 176,295 | 3,077 |
| Miscellaneous State and Federal | 24,130 | 23,851 | 279 |
| | $ 5,709,262 | $ 5,317,507 | $ 391,755 |
| Federal income taxes (including provision for deferred Federal income taxes) | 12,376,000 | 10,707,000 | 1,669,000 |
| Total charged directly to income accounts | $18,085,262 | $16,024,507 | $2,060,755 |
| *Ratio to Operating Revenues* | *24.0%* | *23.8%* | |
| Add—Taxes included in clearing and other accounts | 292,393 | 347,651 | 55,258* |
| TOTAL | $18,377,655 | $16,372,158 | $2,005,497 |

The Company, for Federal income tax purposes, is amortizing or depreciating certain of its construction costs at rates which will increase such charges during the early years and decrease such charges during the later years of the service lives of the related facilities. To the extent that Federal income taxes are being deferred as a result of such amortization or accelerated depreciation, the Company, in accordance with orders of the Public Service Commission of Indiana, is charging income and crediting such amounts to Appropriated Surplus Arising from Deferment of Federal Income Taxes. Commencing with the year in which these deductions are less than normal tax depreciation, it is intended that such appropriated surplus will be disposed of by annual credits to the provision for Federal income taxes over the remaining estimated service lives of the related facilities.

## Generating Station Maintenance

AS NOTED in the annual report for 1955 the Company has been engaged in a maintenance program for the purpose of bringing the equipment at the Dresser generating station to original design efficiencies.

In order to provide a reserve for this maintenance program the Company has since October 1955 been charging maintenance expense with an amount of $175,000 per month. The total expense is now estimated at $2,975,000 and the monthly provisions are expected to terminate in February 1957 at which time the required reserve will have been accumulated. Maintenance expenses charged to the reserve aggregated $1,302,689 during 1956 and the balance in the reserve account at December 31, 1956 was $1,313,809.

A substantial part of this maintenance work was accomplished during 1956 and the program will continue in 1957 until completion.



## Financing

THE ANNUAL Report for last year described the bank credit agreement which provides the Company with a maximum borrowing power of $50,000,000 during the period from June 1, 1955 to June 1, 1958. Since mid-1955, construction funds have been obtained as needed from this source. As of December 31, 1956, such borrowings, evidenced by 3% notes maturing December 31, 1959, aggregated $25,000,000.

It is presently expected that a new series of first mortgage bonds, initially scheduled for 1956, will be issued and sold by the Company during 1957. The proceeds from the sale of such bonds will be applied to the payment of bank loans or used for the payment of construction costs.

During the period from July 1, to December 31, 1956, 108,513 shares (53.6%) of the 4.20% convertible preferred stock were converted into 325,539 shares of common stock.

## Construction Program

WABASH River Station generating unit No. 5 with a capability of 125,000 kilowatts was completed and placed in service on May 1, 1956. With this addition the total capability of this station was increased to 525,000 kilowatts and total system capability was increased to 1,006,000 kilowatts. During the year, work progressed on construction of the Company's new generating station which is located on the Ohio River at New Albany. It is expected that the initial 150,000 kilowatt unit will be placed in service at this station in June 1958. Completion of this unit, which was originally scheduled for December 1957, will be postponed due to delays in delivery of structural steel. A second unit of the same capability is scheduled for service late in 1958.

The Company's continuing load studies indicate that further additions to generating capacity will be necessary during 1960. Definite plans for the construction of such additional capacity have not yet been formulated.

Additional major construction work during 1956 included the completion of 117 circuit miles of transmission lines and the installation of 25 substations having an aggregate capacity of 85,437 kilovolt amperes. At Clarksville the Company completed a modern office building and work center to service the growing area in and adjacent to New Albany and Jeffersonville.

Gross additions to utility plant aggregated $34,104,753 in 1956 and the construction program for 1957 is estimated at $45,240,000.

During June the Company installed certain newly developed load frequency control equipment which operates from precalculated data causing the output of automatically controlled generating units to fluctuate in accordance with their respective efficiencies. The installation will provide more efficient and economical control of electric energy output. Of interest in this connection is the following comparison of the generation, purchase and sale of electricity in kilowatt hours for the years 1956 and 1946:

| | Year 1956 | | Year 1946 | | Increase (Decrease) | |
|---|---|---|---|---|---|---|
| | Kilowatt Hours (In Thousands) | % of Output | Kilowatt Hours (In Thousands) | % of Output | Kilowatt Hours (In Thousands) | % of Output |
| Generated (net) | 4,781,735 | 98.42 | 1,527,000 | 92.70 | 3,254,735 | 101.35 |
| Purchased | 76,724 | 1.58 | 120,169 | 7.30 | (43,445) | (1.35) |
| TOTAL | 4,858,459 | 100.00 | 1,647,169 | 100.00 | 3,211,290 | 100.00 |
| Losses and Company Use | 493,856 | 10.16 | 267,166 | 16.22 | 226,690 | 7.06 |
| Remainder—Kilowatt hours sold | 4,364,603 | 89.84 | 1,380,003 | 83.78 | 2,984,600 | 92.94 |

## Rate Proceedings

AS NOTED in last year's annual report, the Company's rate proceedings were at that time pending on appeal before the Hendricks Circuit Court and, as noted in a letter to the shareholders dated April 2, 1956, the Public Service Commission of Indiana on March 9, 1956 issued a revised order granting rate relief to the Company. In its revised order the Commission found that the fair value of the Company's used and useful utility property (including materials and supplies) was $320,000,000 as of December 31, 1955. Construction work in progress amounting to $18,262,000 at the end of 1955 was not included by the Commission in the used and useful property. The Commission further determined that a fair annual return was approximately 5.7% on the fair value of the used and useful property. The Commission also determined the existing level of earnings to be $16,531,143 which would permit an allowable increase of $3,617,123 in operating revenues and of $1,718,857 in net operating income for the test year period.

On March 21, 1956 the Commission issued a supplemental order authorizing the Company, pending the determination of new rates, to add a non-refundable surcharge of 5.35% to all of its bills for electric service. This supplemental order was designed to provide the Company the allowable increase above mentioned. The increase became effective March 26, 1956. Had it been in effect since January 1, 1956, the operating revenues of the Company for 1956 would have been approximately $848,000 greater than they actually were.



Following hearings to determine revised rates for service, the Commission in a further supplemental order dated December 14, 1956 established the new rate schedules. With two exceptions, the new schedules were those proposed by the Company in such hearings. One exception was a reduction of approximately $160,000 for the test year in the amount of increase proposed by the Company for farm and rural residential customers served directly by it.

The other was a change in the rates covering sales of electric energy to rural cooperatives for resale. The Commission ordered increases in such rates which reduce the amount by which these rates are lower than the rates applicable to municipal and other utilities purchasing electric energy for resale to their customers. The Company had not proposed any change in the rural cooperative rate. The rural cooperatives served by the Company have joined in proceedings in the Hendricks Circuit Court challenging the Commission order in so far as it affects their rates. The court has not yet held hearings on this issue.

## General

THE COMPANY has continued its group participation in the atomic energy research program which, as stated in the 1955 Annual Report, is being carried on under the direction of Sargent & Lundy, a consulting engineering firm with extensive experience in atomic energy projects.

The 6,220,517 shares of preferred and common capital stock outstanding at the end of the year were held by 30,554 shareholders. Approximately 30% of the total shares are held directly by 25,846 individuals and family groups. Indirectly, a far greater number of people have a financial interest in the Company through holdings of its securities by insurance companies and other organizations. Shareholders residing in Indiana number 5,519 and others are located in every state and territory and in 17 foreign countries. The largest single shareholder owns approximately 3% of the total shares outstanding.

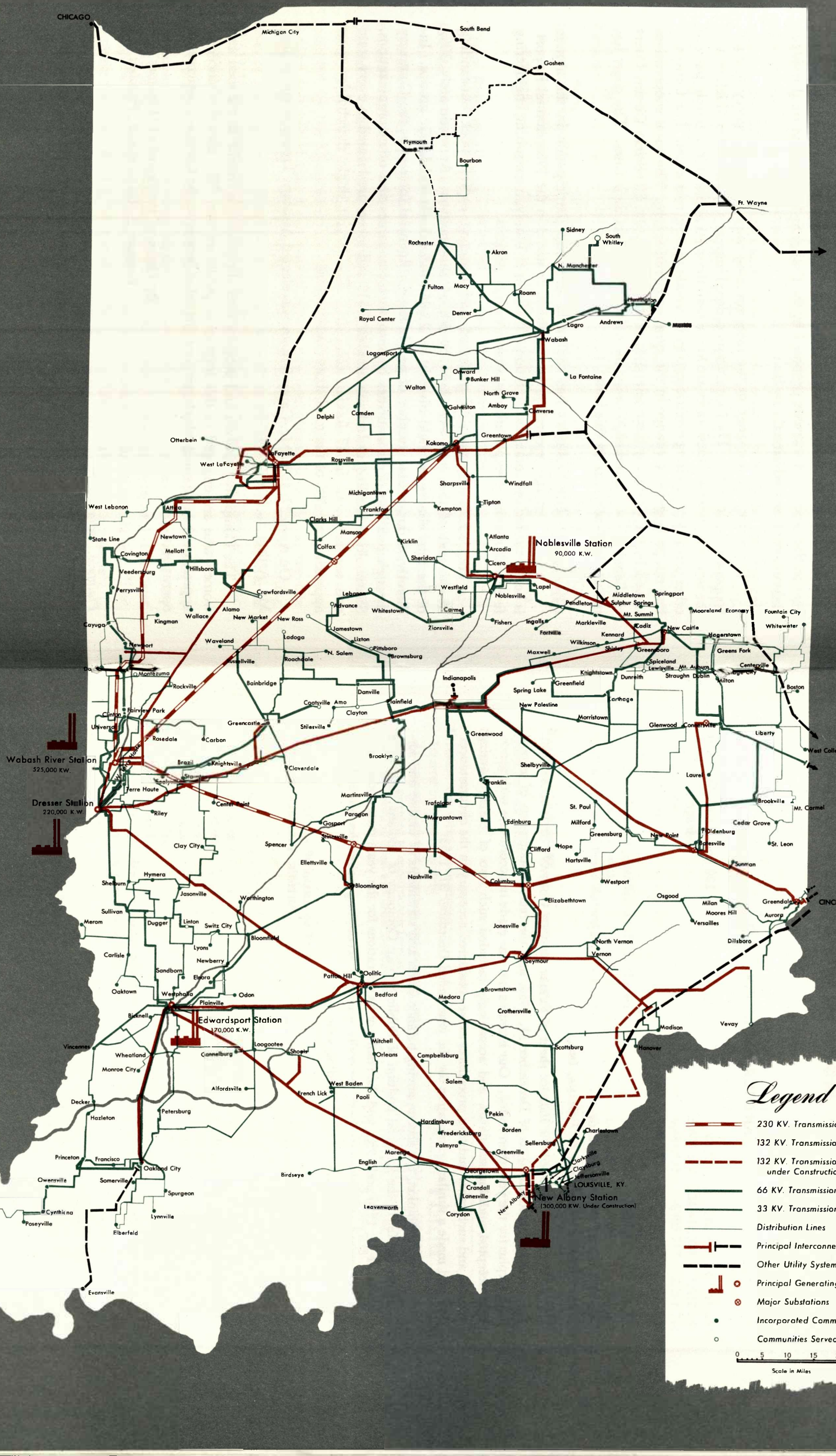
On April 27, 1956 Mr. Carey Shipley was elected Assistant Treasurer succeeding Mr. Arthur E. Irwin, retired.

The Company's growth and progress over the years is a tribute to the men and women who are engaged in this important public service. The directors sincerely appreciate the fine spirit which has contributed so largely to the Company's successful operation.

By Order of the Board of Directors
ROBERT A. GALLAGHER, *President*

*Plainfield, Indiana*
*February 11, 1957.*

# Public Service Company of Indiana, Inc., System Map



ARTHUR ANDERSEN & CO.

120 South LaSalle Street
Chicago 3

To the Board of Directors of
Public Service Company of Indiana, Inc.:

We have examined the balance sheet of Public Service Company of Indiana, Inc. (an Indiana corporation) as of December 31, 1956, and the related statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had made a similar examination for the year ended December 31, 1955.

In our opinion, the accompanying balance sheets and statements of income and surplus present fairly the financial position of Public Service Company of Indiana, Inc. as of December 31, 1956 and 1955, and the results of its operations for the years then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co.

February 5, 1957



# *PUBLIC SERVICE COMPANY OF INDIANA, INC.*

## COMPARATIVE STATEMENTS OF INCOME AND EARNED SURPLUS

| | Year Ended December 31 | | Increase or Decrease* |
|---|---|---|---|
| | 1956 | 1955 | |
| Electric Operating Revenues | $75,451,103 | $67,201,798 | $8,249,305 |
| Operating Expenses and Taxes: | | | |
| Operation— | | | |
| Purchased power | $ 769,845 | $ 786,452 | $ 16,607* |
| Other operation | 23,024,679 | 21,442,328 | 1,582,351 |
| Maintenance | 6,687,433 | 4,405,717 | 2,281,716 |
| Depreciation | 9,015,183 | 8,370,231 | 644,952 |
| Taxes— | | | |
| State, local and miscellaneous Federal taxes | 5,709,262 | 5,317,507 | 391,755 |
| Federal income taxes | 8,953,000 | 8,098,000 | 855,000 |
| Provision for deferred Federal income taxes | 3,423,000 | 2,609,000 | 814,000 |
| | $57,582,402 | $51,029,235 | $6,553,167 |
| Net Operating Income | $17,868,701 | $16,172,563 | $1,696,138 |
| Other Income (Net) | 49,179 | 48,535 | 644 |
| Gross Income | $17,917,880 | $16,221,098 | $1,696,782 |
| Interest and Other Deductions: | | | |
| Interest on long-term debt | $ 4,513,530 | $ 4,315,152 | $ 198,378 |
| Amortization of debt premium and expense (net) | (46,783) | (46,783) | — |
| Interest charged to construction (credit) | (611,493) | (732,211) | 120,718 |
| Miscellaneous interest and other deductions | 134,130 | 148,717 | 14,587* |
| | $ 3,989,384 | $ 3,684,875 | $ 304,509 |
| Net Income | $13,928,496 | $12,536,223 | $1,392,273 |
| Earned Surplus at Beginning of Year | 13,916,715 | 12,926,036 | |
| | $27,845,211 | $25,462,259 | |
| Deduct: | | | |
| Dividends— | | | |
| Preferred stock— | | | |
| 3½% Series | $ 525,019 | $ 525,020 | |
| 4.32% Series | 864,000 | 864,000 | |
| 4.16% Series | 624,000 | 624,000 | |
| 4.20% Series | 671,332 | 477,078 | |
| Common stock | 8,757,660 | 8,502,120 | |
| Write-off of utility plant acquisition adjustments | 1,035,300 | 365,400 | |
| Fees and expenses in connection with issuance and sale of capital stock | — | 187,926 | |
| | $12,477,311 | $11,545,544 | |
| Earned Surplus at End of Year | $15,367,900 | $13,916,715 | |

## COMPARATIVE BALANCE SHEETS . . . PUBLIC SERVICE COMPANY OF INDIANA, INC.

### Assets

| | December 31 1956 | December 31 1955 | Increase or Decrease* |
|---|---|---|---|
| UTILITY PLANT: | | | |
| Original cost | $371,149,993 | $342,648,981 | $28,501,012 |
| Less—Reserve for depreciation | 41,352,699 | 36,229,152 | 5,123,547 |
| | $329,797,294 | $306,419,829 | $23,377,465 |
| Cost in addition to original cost (acquisition adjustment account)—remaining balance charged to earned surplus in 1956 | — | 1,035,300 | 1,035,300* |
| | $329,797,294 | $307,455,129 | $22,342,165 |
| INVESTMENTS: | | | |
| Enoco Collieries, Inc. — 5% subordinated notes, due serially from 1958 to 1960, inclusive | $ 1,000,000 | $ 1,000,000 | $ — |
| Other investments, less reserve of $1,877 | 276,103 | 276,129 | 26* |
| | $ 1,276,103 | $ 1,276,129 | $ 26* |
| CURRENT ASSETS: | | | |
| Cash | $ 4,250,241 | $ 5,337,465 | $ 1,087,224* |
| Deposit for payment of bond interest | 1,023,920 | 1,023,920 | — |
| Other special deposits | 84,247 | 139,370 | 55,123* |
| Accounts receivable, less reserve of $150,032 in 1956 and $146,765 in 1955 | 4,585,409 | 3,905,529 | 679,880 |
| Materials and supplies—priced at average cost, less reserve of $222,156 in 1956 and $188,485 in 1955 | 10,727,896 | 10,298,921 | 428,975 |
| Prepaid insurance, taxes, etc. | 881,325 | 914,954 | 33,629* |
| | $ 21,553,038 | $ 21,620,159 | $ 67,121* |
| DEFERRED DEBITS | $ 143,426 | $ 93,551 | $ 49,875 |
| | $352,769,861 | $330,444,968 | $22,324,893 |



### Liabilities

| | December 31 1956 | December 31 1955 | Increase or Decrease* |
|---|---|---|---|
| CAPITALIZATION: | | | |
| Common stock and surplus: | | | |
| Common stock — without par value — authorized 8,000,000 shares—issued and outstanding 4,576,599 shares in 1956 and 4,251,060 shares in 1955 | $ 94,215,821 | $ 82,761,188 | $11,454,633 |
| Earned surplus | 15,367,900 | 13,916,715 | 1,451,185 |
| Appropriated surplus arising from deferment of Federal income taxes | 7,676,000 | 4,253,000 | 3,423,000 |
| Total common stock and surplus | $117,259,721 | $100,930,903 | $16,328,818 |
| Cumulative preferred stock: | | | |
| Par value $100 per share—authorized 600,000 shares— | | | |
| Issued and outstanding— | | | |
| 150,000 shares, 3½% Series | $ 15,000,000 | $ 15,000,000 | $ — |
| 93,918 shares in 1956 and 202,431 shares in 1955, 4.20% Series (convertible into common stock) | 9,391,800 | 20,243,100 | 10,851,300* |
| Premium on 4.20% Series Preferred Stock | 522,370 | 1,125,703 | 603,333* |
| Par value $25 per share—authorized 1,400,000 shares— | | | |
| Issued and outstanding— | | | |
| 800,000 shares, 4.32% Series | 20,000,000 | 20,000,000 | — |
| 600,000 shares, 4.16% Series | 15,000,000 | 15,000,000 | — |
| Total preferred stock | $ 59,914,170 | $ 71,368,803 | $11,454,633* |
| Total capital stock and surplus | $177,173,891 | $172,299,706 | $ 4,874,185 |
| Long-term debt: | | | |
| First mortgage bonds, 3% to 3⅜%, due from 1975 to 1984 (See Capitalization, page 16) | $125,000,000 | $125,000,000 | $ — |
| Unsecured notes— | | | |
| 3%, due December 31, 1959 | 25,000,000 | 10,000,000 | 15,000,000 |
| 4%, maturing serially to December 7, 1961 | 304,000 | 380,000 | 76,000* |
| Total long-term debt | $150,304,000 | $135,380,000 | $14,924,000 |
| Total capitalization | $327,477,891 | $307,679,706 | $19,798,185 |
| RESERVES: | | | |
| Contingent Federal income taxes | $ 2,300,000 | $ 2,300,000 | $ — |
| Generating station maintenance | 1,313,809 | 516,498 | 797,311 |
| Other reserves | 221,949 | 237,740 | 15,791* |
| | $ 3,835,758 | $ 3,054,238 | $ 781,520 |
| CONTRIBUTIONS IN AID OF CONSTRUCTION | $ 1,002,875 | $ 920,546 | $ 82,329 |
| CURRENT LIABILITIES: | | | |
| Unsecured notes, maturing within one year | $ 76,000 | $ 76,000 | $ — |
| Accounts payable | 3,677,608 | 2,255,478 | 1,422,130 |
| Customers' deposits | 1,100,726 | 1,074,898 | 25,828 |
| Accrued taxes— | | | |
| State, local and miscellaneous Federal taxes | 5,187,442 | 4,842,111 | 345,331 |
| Federal income taxes | 7,430,356 | 7,421,705 | 8,651 |
| Accrued interest | 1,755,209 | 1,800,841 | 45,632* |
| Miscellaneous current liabilities | 33,687 | 27,876 | 5,811 |
| | $ 19,261,028 | $ 17,498,909 | $ 1,762,119 |
| DEFERRED CREDITS: | | | |
| Unamortized debt premium, less expense—applicable to outstanding issues—in process of amortization over the lives thereof | $ 1,049,628 | $ 1,096,411 | $ 46,783* |
| Other deferred credits | 142,681 | 195,158 | 52,477* |
| | $ 1,192,309 | $ 1,291,569 | $ 99,260* |
| | $352,769,861 | $330,444,968 | $22,324,893 |

The construction program in 1957 is estimated at $45,240,000.

## First Mortgage Bonds

The amount of bonds issuable under the indenture is unlimited, and, subject to the terms thereof, additional bonds of any series may be issued.

Series F, 3⅛%, dated September 1, 1945, due September 1, 1975:
Outstanding . . . . . $48,000,000

Series G, 3⅛%, dated November 1, 1947, due November 1, 1977:
Outstanding . . . . . $15,000,000

Series H, 3%, dated January 1, 1949, due January 1, 1979:
Outstanding . . . . . $12,000,000

Series J, 3⅜%, dated July 1, 1952, due July 1, 1982:
Outstanding . . . . . $25,000,000

Series K, 3⅜%, dated January 1, 1954, due January 1, 1984:
Outstanding . . . . . $25,000,000

**REDEMPTION PROVISIONS:**

Redeemable at the option of the Company (except in cases of redemption through the sinking fund) as a whole at any time or in part from time to time at the following premiums:

*Series F.*—3½% through August 31, 1957, reduced thereafter during each successive twelve months' period prior to maturity in steps of ¼% or ⅛%. *Series G.*—3¼% through October 31, 1957, reduced thereafter during each successive twelve months' period prior to maturity in steps of ¼% or ⅛%. *Series H.*—3% through December 31, 1957, reduced successively by ⅛% effective on the first day of January in each of the years 1958 to 1963, both inclusive; and a premium of 2% effective during the period from January 1 to December 31, 1964, reduced successively by ⅛% effective on the first day of January in each of the years 1965 to 1978, both inclusive. *Series J.*—4.65% prior to July 1, 1957, reduced thereafter during each successive twelve months' period prior to July 1, 1980 in steps of .18% or .19%. On July 1, 1980 the premium is reduced to .25% and on and after July 1, 1981 the Series J Bonds are redeemable at par. *Series K.*—5.05% prior to January 1, 1958, reduced thereafter during each successive twelve months' period prior to January 1, 1981 in steps of .19% or .20%. On January 1, 1981 the premium is reduced to .42%; on January 1, 1982 the premium is reduced to .28%; and on and after January 1, 1983 the Series K Bonds are redeemable at par.

**SINKING FUND PROVISIONS:**

Pay annually to the Trustee as a sinking fund, subject to the credits hereinafter specified, on or before the first day of May, a sum which shall be sufficient to redeem 1% of the Series F, Series J and Series K Bonds and 2% of the Series G and Series H Bonds. In lieu of the foregoing payments, the Company may (i) deliver or take credit for available bonds theretofore redeemed or retired or (ii) schedule with the Trustee available net expenditures for bondable property. Credit for such expenditures shall be in an amount equal to 60% thereof. The bonds are subject to redemption through the sinking fund at the following premiums:

*Series F.*—2¼% prior to May 1, 1957, reduced thereafter in steps of ⅛% prior to maturity. *Series G.*—1⅞% prior to May 1, 1957, reduced thereafter in steps of ⅛% prior to maturity. *Series H.*—1½% prior to May 1, 1957, reduced thereafter in steps of ⅛% prior to maturity. *Series J.*—2.19% prior to July 1, 1957, reduced thereafter during each successive twelve months' period prior to July 1, 1981 in steps of .05% to .11%; and thereafter at par. *Series K.*—2.60% prior to January 1, 1958, reduced thereafter during each successive twelve months' period prior to January 1, 1983 in steps of .06% to .14%; and thereafter at par.

## Unsecured Notes

Bank Loan Notes, due December 31, 1959 . . . . . $25,000,000

Notes bear interest at the rate of 3% per annum and were issued under the terms of a credit agreement dated June 1, 1955.

Notes dated December 7, 1941 and issued in settlement of a long-term lease . . . . . $380,000

Notes bear interest at the rate of 4% per annum (payable semi-annually) and mature serially in principal amounts of $38,000, payable on June 7 and December 7 of each of the years 1957 to 1961, inclusive.



## Capital Stock

**COMMON STOCK:**

Authorized 8,000,000 shares without par value—
Issued and outstanding . . . . . 4,576,599 shares

**PREFERRED STOCK:**

Authorized 600,000 shares, $100 par value per share and 1,400,000 shares, $25 par value per share, preferred as to dividends and in case of liquidation, issuable in series—

3½% Cumulative Preferred Stock—$100 par value per share—
Issued and outstanding . . . . . 150,000 shares

Dividends payable March 1, June 1, September 1 and December 1.
Redeemable at the option of the Company at $101 per share prior to March 1, 1961; and $100 per share if redeemed on or after March 1, 1961; in each case plus dividends accrued and unpaid to the date of redemption.
Value in liquidation $100 plus accrued and unpaid dividends.

4.20% Cumulative Preferred Stock—$100 par value per share—
Issued and outstanding . . . . . 93,918 shares

Dividends payable March 1, June 1, September 1 and December 1.
Convertible at any time (unless called for previous redemption, in which event the conversion right will expire on the date fixed for redemption) at the option of the holders into Common Stock on the basis of three shares of Common Stock for each share of 4.20% Preferred Stock. The number of shares of Common Stock issuable upon conversion and the conversion price are, however, subject to adjustment as provided in the resolution creating the 4.20% Preferred Stock.
Redeemable at the option of the Company through July 31, 1959 at $109 per share; thereafter and through July 31, 1962 at $108 per share; thereafter and through July 31, 1965 at $107 per share; thereafter and through July 31, 1968 at $106 per share; and thereafter at $105 per share; in each case plus dividends accrued and unpaid to the date of redemption.
Value in liquidation $100 plus accrued and unpaid dividends.

4.32% Cumulative Preferred Stock—$25 par value per share—
Issued and outstanding . . . . . 800,000 shares

Dividends payable March 1, June 1, September 1 and December 1.
Redeemable at the option of the Company at $26.00 per share prior to June 1, 1957; $25.75 per share if redeemed on June 1, 1957, or thereafter prior to June 1, 1962; $25.50 if redeemed on June 1, 1962, or thereafter prior to June 1, 1967; $25.25 if redeemed on June 1, 1967, or thereafter prior to June 1, 1972; and $25.00 per share if redeemed on or after June 1, 1972; in each case plus dividends accrued and unpaid to the date of redemption.
Value in liquidation $25 plus accrued and unpaid dividends.

4.16% Cumulative Preferred Stock—$25 par value per share—
Issued and outstanding . . . . . 600,000 shares

Dividends payable March 1, June 1, September 1 and December 1.
Redeemable at the option of the Company at $26.00 per share prior to June 1, 1959; $25.75 per share if redeemed on June 1, 1959, or thereafter prior to June 1, 1964; $25.50 per share if redeemed on June 1, 1964, or thereafter prior to June 1, 1969; $25.25 if redeemed on June 1, 1969 or thereafter prior to June 1, 1974; and $25.00 per share if redeemed on or after June 1, 1974; in each case plus dividends accrued and unpaid to the date of redemption.
Value in liquidation $25 plus accrued and unpaid dividends.

**NUMBER OF SHAREHOLDERS:**

| | | | |
|---|---|---|---|
| Common Stock | 25,626 | 4.32% Preferred Stock | 727 |
| 3½% Preferred Stock | 2,465 | 4.16% Preferred Stock | 340 |
| 4.20% Preferred Stock | 1,396 | | |

# TEN YEAR STATISTICAL SUMMARY . . . PUBLIC SERVICE COMPANY OF INDIANA, INC.

| | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ELECTRIC OPERATING REVENUES:** | | | | | | | | | | |
| Domestic | $ 27,188,553 | $ 24,179,430 | $ 22,168,310 | $ 20,226,274 | $ 18,397,469 | $ 16,325,540 | $ 14,335,205 | $ 12,723,026 | $ 11,337,912 | $ 9,953,491 |
| Commercial | 12,294,947 | 11,100,748 | 10,351,103 | 9,703,916 | 9,099,209 | 8,508,350 | 7,954,007 | 7,458,194 | 6,859,818 | 6,067,982 |
| Industrial | 24,225,273 | 21,757,836 | 19,928,958 | 20,244,217 | 17,939,612 | 16,836,813 | 15,414,430 | 13,395,135 | 12,430,844 | 10,238,773 |
| Public Authorities | 3,916,869 | 3,319,938 | 3,148,463 | 3,108,062 | 2,980,050 | 2,814,169 | 2,511,498 | 2,211,405 | 1,979,188 | 1,753,044 |
| Other Electric Corporations | 7,498,867 | 6,544,682 | 5,937,789 | 5,768,168 | 5,340,645 | 4,796,196 | 4,291,930 | 4,046,375 | 3,782,950 | 2,571,620 |
| All Other | 326,594 | 299,164 | 201,796 | 182,870 | 249,705 | 457,763 | 483,874 | 464,644 | 495,572 | 496,465 |
| Total | $ 75,451,103 | $ 67,201,798 | $ 61,736,419 | $ 59,233,507 | $ 54,006,690 | $ 49,738,831 | $ 44,990,944 | $ 40,298,779 | $ 36,886,284 | $ 31,081,375 |
| **KILOWATT HOURS GENERATED, PURCHASED AND SOLD** (IN THOUSANDS): | | | | | | | | | | |
| Generated (net) | 4,781,735 | 4,505,563 | 4,020,536 | 3,674,060 | 3,407,292 | 3,098,111 | 2,700,322 | 2,332,726 | 2,007,765 | 1,726,683 |
| Purchased | 76,724 | 62,361 | 75,357 | 293,747 | 163,038 | 159,783 | 251,869 | 220,263 | 314,345 | 186,250 |
| Total | 4,858,459 | 4,567,924 | 4,095,893 | 3,967,807 | 3,570,330 | 3,257,894 | 2,952,191 | 2,552,989 | 2,322,110 | 1,912,933 |
| Losses and Company Use | 493,856 | 542,157 | 488,107 | 505,266 | 485,556 | 432,964 | 426,216 | 380,746 | 367,500 | 310,244 |
| Remainder—Kilowatt hours sold | 4,364,603 | 4,025,767 | 3,607,786 | 3,462,541 | 3,084,774 | 2,824,930 | 2,525,975 | 2,172,243 | 1,954,610 | 1,602,689 |
| Sales Classified: | | | | | | | | | | |
| Domestic | 970,611 | 876,985 | 782,763 | 693,939 | 613,723 | 527,299 | 444,967 | 380,637 | 324,328 | 270,562 |
| Commercial | 396,176 | 365,587 | 333,689 | 307,741 | 283,032 | 261,527 | 241,394 | 223,976 | 203,607 | 177,533 |
| Industrial | 2,015,978 | 1,909,902 | 1,695,258 | 1,682,177 | 1,444,582 | 1,367,183 | 1,251,553 | 1,025,154 | 932,707 | 772,258 |
| Public Authorities | 204,380 | 172,047 | 162,847 | 165,525 | 156,300 | 148,135 | 124,456 | 106,013 | 94,656 | 83,127 |
| Other Electric Corporations | 777,458 | 701,246 | 633,229 | 613,159 | 587,137 | 499,346 | 428,528 | 399,362 | 357,287 | 252,818 |
| All Other | — | — | — | — | — | 21,440 | 35,077 | 37,101 | 42,025 | 46,391 |
| Total | 4,364,603 | 4,025,767 | 3,607,786 | 3,462,541 | 3,084,774 | 2,824,930 | 2,525,975 | 2,172,243 | 1,954,610 | 1,602,689 |
| **ELECTRIC CUSTOMERS**—(ANNUAL AVERAGE): | | | | | | | | | | |
| Domestic | 310,240 | 302,307 | 294,277 | 287,026 | 278,083 | 265,405 | 252,284 | 239,528 | 230,999 | 221,038 |
| Commercial | 41,199 | 41,024 | 40,907 | 40,901 | 40,928 | 40,283 | 39,855 | 39,151 | 38,339 | 36,892 |
| Industrial | 2,568 | 2,570 | 2,567 | 2,660 | 2,739 | 2,750 | 2,737 | 2,675 | 2,689 | 2,656 |
| Public Authorities | 3,394 | 3,278 | 3,180 | 3,094 | 3,049 | 2,986 | 3,121 | 3,004 | 2,930 | 2,898 |
| Other Electric Corporations | 165 | 158 | 153 | 149 | 136 | 122 | 107 | 100 | 93 | 84 |
| All Other | — | — | — | — | — | 1 | 1 | 1 | 1 | 1 |
| Total | 357,566 | 349,337 | 341,084 | 333,830 | 324,935 | 311,547 | 298,105 | 284,459 | 275,051 | 263,569 |
| **DOMESTIC ELECTRIC SERVICE:** | | | | | | | | | | |
| Average Annual Use—in KWH | 3,129 | 2,901 | 2,660 | 2,418 | 2,207 | 1,987 | 1,764 | 1,589 | 1,404 | 1,224 |
| Average Annual Revenue | $87.64 | $79.98 | $75.33 | $70.47 | $66.16 | $61.51 | $56.82 | $53.12 | $49.08 | $45.03 |
| Average Price per KWH—In Cents | 2.80¢ | 2.76¢ | 2.83¢ | 2.91¢ | 3.00¢ | 3.10¢ | 3.22¢ | 3.34¢ | 3.50¢ | 3.68¢ |
| **RATED SYSTEM CAPACITY**—(IN KILOWATTS): | | | | | | | | | | |
| Generating Capacity—owned | 986,700 | 861,700 | 869,200 | 679,840 | 481,840 | 482,224 | 423,314 | 334,674 | 309,674 | 309,674 |
| Generating Capacity—leased | — | — | — | — | 25,000 | 54,000 | 54,000 | 47,000 | 20,000 | — |
| Purchased Capacity—contracted | — | — | 40,000 | 45,000 | 45,000 | 50,200 | 45,200 | 41,900 | 55,000 | 55,000 |
| Total | 986,700 | 861,700 | 909,200 | 724,840 | 551,840 | 586,424 | 522,514 | 423,574 | 384,674 | 364,674 |
| **MAXIMUM SYSTEM DEMAND**—(IN KILOWATTS) | 868,300 | 861,000 | 776,000 | 719,000 | 678,700 | 607,700 | 571,800 | 505,200 | 441,900 | 393,800 |
| **ELECTRIC TRANSMISSION LINES**—(33,000 OR GREATER VOLTAGE) CIRCUIT MILES | 4,796 | 4,719 | 4,593 | 4,491 | 4,170 | 3,958 | 3,843 | 3,741 | 3,563 | 3,477 |
| **ELECTRIC UTILITY PLANT ADDITIONS**—AT ORIGINAL COST: | | | | | | | | | | |
| Gross Additions— | | | | | | | | | | |
| By Years | $ 34,104,753 | $ 34,174,904 | $ 40,804,547 | $ 52,802,781 | $ 39,481,156 | $ 28,214,664 | $ 29,546,684 | $ 20,829,108 | $ 16,240,881 | $ 10,213,343 |
| Cumulative | 306,412,821 | 272,308,068 | 238,133,164 | 197,328,617 | 144,525,836 | 105,044,680 | 76,830,016 | 47,283,332 | 26,454,224 | — |
| Net Additions— | | | | | | | | | | |
| By Years | $ 28,501,012 | $ 27,208,324 | $ 33,819,055 | $ 47,047,928 | $ 35,091,967 | $ 24,471,851 | $ 26,585,625 | $ 17,020,847 | $ 14,301,195 | $ 8,671,751 |
| Cumulative | 262,719,555 | 234,218,543 | 207,010,219 | 173,191,164 | 126,143,236 | 91,051,269 | 66,579,418 | 39,993,793 | 22,972,946 | — |
| **LONG-TERM DEBT:** | | | | | | | | | | |
| Outstanding at December 31— | | | | | | | | | | |
| Principal Amount | $150,304,000 | $135,380,000 | $136,456,000 | $115,532,000 | $100,608,000 | $ 89,684,000 | $ 75,760,000 | $ 75,836,000 | $ 71,976,400 | $ 74,951,200 |
| Average Interest Rate | 3.18% | 3.20% | 3.20% | 3.09% | 3.18% | 3.02% | 3.11% | 3.11% | 3.09% | 3.08% |
| Interest Charges—Current Year | $ 4,513,530 | $ 4,315,152 | $ 4,124,896 | $ 3,495,984 | $ 3,002,681 | $ 2,574,702 | $ 2,364,270 | $ 2,399,176 | $ 2,270,425 | $ 1,892,637 |
| **PREFERRED STOCK:** | | | | | | | | | | |
| Outstanding at December 31— | | | | | | | | | | |
| Par Value and Premium | $ 59,914,170 | $ 71,368,803 | $ 50,000,000 | $ 50,000,000 | $ 35,000,000 | $ 21,011,004 | $ 31,471,072 | $ 31,487,312 | $ 15,000,000 | $ 15,000,000 |
| Average Dividend Rate | 4.02% | 4.01% | 4.03% | 4.25% | 3.97% | 3.64% | 3.76% | 3.76% | 3.5% | 3.5% |
| Dividends—Current Year (Note 1) | $ 2,407,475 | $ 2,560,949 | $ 2,070,682 | $ 1,795,316 | $ 966,622 | $ 765,463 | $ 1,178,315 | $ 525,025 | $ 525,026 | $ 525,026 |
| **INCOME AVAILABLE FOR COMMON STOCK:** | | | | | | | | | | |
| Total | $ 11,521,021 | $ 9,975,274 | $ 10,105,155 | $ 9,956,303 | $ 9,042,469 | $ 7,557,107 | $ 7,229,049 | $ 7,068,396 | $ 6,308,187 | $ 5,379,962 |
| Per Share (Note 2) | 2.52 | 2.35 | 2.38 | 2.34 | 2.39 | 2.11 | 2.54 | 2.48 | 2.67 | 2.42 |
| **DIVIDENDS ON COMMON STOCK:** | | | | | | | | | | |
| Total | $ 8,757,660 | $ 8,502,120 | $ 8,502,120 | $ 7,438,799 | $ 6,576,669 | $ 5,777,791 | $ 4,975,893 | $ 4,066,535 | $ 2,518,573 | $ 3,156,953 |
| Per Share | 2.00 | 2.00 | 2.00 | 1.85 | 1.80 | 1.80 | 1.75 | 1.50(3) | 1.10(3) | 1.42(3) |

NOTES: (1) After elimination of dividends on shares converted into common stock during the respective years.
(2) The above earnings per share are based upon the number of shares outstanding at the end of the respective periods, after giving effect for all periods to the 2 for 1 split of the common stock which occurred on November 1, 1948.

(3) In 1947 and 1948 and in the first quarter of 1949 these dividends were paid in shares of Indiana Gas & Water Company, Inc. common stock. The above dividend rate is calculated on the basis of $14.24 per share of such stock in 1947 and $10.00 per share thereafter.

## COMPARATIVE SUMMARY

# OF INDUSTRIAL POWER SALES BY INDUSTRIES

**For the Calendar Years 1956 and 1955**

| Type of Industry (Product manufactured, mined, processed or handled) | Kilowatt Hour Sales 1956 | 1955 | Increase or Decrease* |
|---|---|---|---|
| Chemicals | 435,231,760 | 426,082,400 | 9,149,360 |
| Automobile Accessories and Parts | 206,034,505 | 182,983,308 | 23,051,197 |
| Natural Gas | 190,264,401 | 208,487,339 | 18,222,938* |
| Metal Specialties | 128,132,298 | 122,759,278 | 5,373,020 |
| Cement | 117,215,080 | 103,980,920 | 13,234,160 |
| Steel | 108,471,097 | 111,102,915 | 2,631,818* |
| Coal | 102,302,295 | 95,872,241 | 6,430,054 |
| Metal Castings | 74,147,767 | 65,501,329 | 8,646,438 |
| Aluminum Products | 70,722,580 | 67,897,200 | 2,825,380 |
| Rubber Products | 52,607,963 | 54,580,598 | 1,972,635* |
| Paper Products | 50,874,541 | 35,168,614 | 15,705,927 |
| Petroleum | 47,102,630 | 44,654,240 | 2,448,390 |
| Stone | 43,741,517 | 42,237,113 | 1,504,404 |
| Rock Wool and Gypsum | 36,976,851 | 24,340,825 | 12,636,026 |
| Feed and Flour | 31,866,158 | 29,990,813 | 1,875,345 |
| Glass | 27,639,332 | 24,860,376 | 2,778,956 |
| Electrical Equipment | 23,985,241 | 16,053,281 | 7,931,960 |
| Ceramic Products | 23,780,316 | 22,239,405 | 1,540,911 |
| Dairy Products | 21,044,732 | 18,599,763 | 2,444,969 |
| Lumber, Millwork and Wood Products | 18,109,947 | 16,606,662 | 1,503,285 |
| Printing | 17,314,707 | 14,551,386 | 2,763,321 |
| Furniture | 15,824,022 | 18,206,283 | 2,382,261* |
| Radio and Television | 15,341,669 | 12,757,840 | 2,583,829 |
| Plastic Products | 13,047,633 | 10,350,598 | 2,697,035 |
| Canned Food | 13,021,426 | 12,448,060 | 573,366 |
| Sand and Gravel | 11,043,416 | 9,483,403 | 1,560,013 |
| Meat and Poultry | 10,545,323 | 9,789,304 | 756,019 |
| Ice, Cold Storage and Frozen Food | 9,026,329 | 10,228,337 | 1,202,008* |
| Prefabricated Homes (Wood) | 7,530,600 | 7,912,600 | 382,000* |
| Railway Shops and Equipment | 4,982,761 | 5,281,202 | 298,441* |
| Tin Products | 4,371,874 | 4,818,464 | 446,590* |
| Breweries | 3,075,660 | 3,364,800 | 289,140* |
| Boat Building and Repair | 2,820,000 | 2,631,070 | 188,930 |
| Roofing Materials | 2,403,600 | 3,214,200 | 810,600* |
| Zinc Products | 1,798,400 | 1,931,200 | 132,800* |
| Total Classified | 1,942,398,431 | 1,840,967,367 | 101,431,064 |
| Other Diversified Industries | 73,579,340 | 68,934,337 | 4,645,003 |
| Total Industrial Power Sales | 2,015,977,771 | 1,909,901,704 | 106,076,067 |



**PUBLIC SERVICE COMPANY OF INDIANA, INC.**

**1000 East Main Street**

**Plainfield, Indiana**

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS ON APRIL 1, 1957

TO THE SHAREHOLDERS OF
PUBLIC SERVICE COMPANY OF INDIANA, INC.

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders of Public Service Company of Indiana, Inc. (hereinafter called the "Company") will be held at 1000 East Main Street, Plainfield, Indiana, on Monday, April 1, 1957, at eleven o'clock A.M., eastern standard time (ten o'clock A.M., central standard time), for the purposes of (1) electing a board of nine directors to serve until the next annual meeting of shareholders and until their successors are chosen and qualified, and (2) transacting such other business as may legally come before the meeting.

The transfer books of the Company will not be closed. Only shareholders of record at the close of business on Monday, March 4, 1957 will be entitled to vote at the meeting and at any adjournment or adjournments thereof. It is important that your stock be represented at this meeting in order that the presence of a quorum may be assured. Shareholders, whether or not they now expect to be present at the meeting, are requested to date and sign the enclosed proxy, and return it promptly to the Company. An addressed envelope, on which no postage stamp is necessary if mailed in the United States, is enclosed for use in sending in the proxy. A shareholder executing and delivering the enclosed proxy has the power to revoke the same at any time before the authority granted by the proxy is exercised.

PUBLIC SERVICE COMPANY OF INDIANA, INC.

BY EDWIN G. AABYE, *Secretary*

Dated February 25, 1957.

---

TO SHAREHOLDERS WHO RECEIVE TWO PROXIES

**IF YOU OWN BOTH CUMULATIVE PREFERRED STOCK AND COMMON STOCK, PLEASE SIGN AND RETURN NOT ONLY THE ENCLOSED PROXY, BUT ALSO THE PROXY, WHICH YOU WILL RECEIVE IN A SEPARATE ENVELOPE, FOR YOUR OTHER STOCK.**

## PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of the enclosed proxy for use at the 1957 annual meeting of shareholders of Public Service Company of Indiana, Inc. (hereinafter called the "Company") to be held on Monday, April 1, 1957, at eleven o'clock A.M., eastern standard time, at 1000 East Main Street, Plainfield, Indiana.

### Proxy Revocable

A shareholder executing and delivering the enclosed proxy has the power to revoke the same at any time before the authority granted by the proxy is exercised.

### Voting Securities

The voting securities of the Company and the shares of each class outstanding, as of December 31, 1956, were as follows:

| | Shares Outstanding |
|---|---|
| Common Stock | 4,576,599 |
| Preferred Stock—3½% Cumulative—Par Value $100 per share | 150,000 |
| Preferred Stock—4.20% Cumulative—Par Value $100 per share | 93,918 |
| Preferred Stock—4.32% Cumulative—Par Value $25 per share | 800,000 |
| Preferred Stock—4.16% Cumulative—Par Value $25 per share | 600,000 |

Each record holder of the Common Stock and of the Cumulative Preferred Stock with the par value of $100 per share is entitled to one vote for each share thereof held of record by him and each record holder of the Cumulative Preferred Stock with the par value of $25 per share is entitled to one-fourth of one vote for each share thereof held of record by him, on each question voted on at the meeting.

Only shareholders of record at the close of business on Monday, March 4, 1957, will be entitled to vote at the meeting and at any adjournment or adjournments thereof.

### Business to Come Before the Meeting

As of this date the management does not know of any business to be presented at the meeting other than the election of directors to serve until the next annual meeting of shareholders and until their successors are chosen and qualified. However, the enclosed proxy gives discretionary authority to the proxy holders named therein should any other matters be presented to the meeting and it is the intention of such proxy holders to take such action in connection therewith as shall be in accordance with their best judgment.

### Statement Relative to Voting of Proxies for Directors

The management intends that the enclosed proxy will be voted by the proxy holders for Messrs. Hugh A. Barnhart, Ralph K. Clifford, William C. Freeman, Robert A. Gallagher, Dudley R. Gallahue, William C. Griffith, Edmond W. Hebel, Anton Hulman, Jr. and Peirce C. Ward, who are presently members of the board of directors of the Company (hereinafter called the "Board"). Each of the proposed nominees has signified his willingness to serve, if elected. If, however, any situation should arise under which any one or more of such persons should be unable to serve, the discretionary authority reserved in the enclosed proxy will be exercised by the proxy holders for the purpose of voting for a substitute nominee or for substitute nominees.



### Information Relative to Present and Proposed Members of the Board

The names of the present members of the Board, their principal occupations, and the securities of the Company beneficially owned by them are, respectively, as follows:

| Name and Address | Principal Occupation | Year First Elected Director of Company (a) | Securities of Company Beneficially Owned as of February 1, 1957 |
|---|---|---|---|
| Hugh A. Barnhart<br>Rochester, Indiana | Newspaper Publisher and President of The Barnhart-Van Trump Company, a printing company | 1943 | 700 shares of Common Stock |
| Ralph K. Clifford<br>1109 South Main Street<br>Kokomo, Indiana | Chairman of the Board of Continental Steel Corporation | 1951 | 510 shares of Common Stock |
| William C. Freeman<br>20 North Wacker Drive<br>Chicago, Illinois | Consultant in Corporate Finance | 1941 | 839 shares of Common Stock |
| Robert A. Gallagher<br>1000 East Main Street<br>Plainfield, Indiana | President of the Company | 1941 | 1,500 shares of Common Stock |
| Dudley R. Gallahue<br>542 North Meridian Street<br>Indianapolis, Indiana | Chairman of the Board of American States Insurance Company | 1942 | 100 shares of Common Stock (b) |
| William C. Griffith<br>117 East Washington Street<br>Indianapolis, Indiana | Chairman of the Board of Merchants National Bank & Trust Company | 1941 | 3,000 shares of Common Stock |
| Edmond W. Hebel<br>1000 East Main Street<br>Plainfield, Indiana | Executive Vice-President of the Company | 1954 | 20 shares of 3½% Preferred Stock (c)<br>2,040 shares of Common Stock (c) |
| Anton Hulman, Jr.<br>9th and Wabash Avenue<br>Terre Haute, Indiana | President of Hulman and Company, wholesale grocers | 1944 | 60 shares of 3½% Preferred Stock<br>500 shares of Common Stock<br>24 shares of 4.20% Preferred Stock |
| Peirce C. Ward<br>Indian Hill Farms<br>RFD No. 3<br>Rochester, Indiana | Farming—Indian Hill Farms | 1941 | 2,300 shares of Common Stock |

Notes:

(a) Each director has served continuously since the dates indicated.

(b) American States Insurance Company, in which Mr. Gallahue and his brother own substantially all of the voting stock, owns 2,000 shares of the 4.32% Cumulative Preferred Stock, 2,000 shares of the 4.16% Cumulative Preferred Stock and 5,000 shares of the Common Stock.

(c) Total shares owned by Mr. Hebel and his wife.

### Remuneration of Directors and Officers

The remuneration paid by the Company to its directors and officers for the calendar year 1956 was as follows:

| Name of Individual or Identity of Group | Capacities in which Remuneration was Received | Fees, Salaries and Commissions | Bonuses and shares in profits | Pension, Retirement and similar payments (a) |
|---|---|---|---|---|
| Robert A. Gallagher | President | $75,000.00 | $ None | $12,230.60 |
| Edmond W. Hebel | Executive Vice President | 45,000.00 | None | 6,898.20 |
| David P. Pardee | Executive Vice President | 40,000.00 | None | 5,083.07 |

| Name of Individual or Identity of Group | Capacities in which Remuneration was Received | Fees, Salaries and Commissions | Bonuses and shares in profits | Pension, Retirement and similar payments (a) |
|---|---|---|---|---|
| Directors (Excluding Directors who are also Officers) | Directors (7) | $ 21,000.00(b) | $ None | $ None |
| Officers | President, Executive Vice Presidents (2), Vice Presidents (2), Vice President and Comptroller, Secretary and Treasurer, Assistant Comptroller, Assistant Secretary and Assistant Treasurer (2) | 265,420.00 | None | 36,466.43 |

NOTES:

(a) Under the Future Service part (covering services after March 1, 1941) of an employees' retirement annuity plan which is covered by a contract with the John Hancock Mutual Life Insurance Company, both the Company and its employees contribute to the payment of premiums. Each participating employee's contribution in each year amounts to 2% of the first $3,000.00 of salary or wages in that year and 4% of all salary or wages in that year in excess of $3,000.00. The remainder of the cost is contributed and paid by the Company. The Company has purchased past service retirement annuities under the Past Service part of the plan which covers services prior to March 1, 1941, and after the 35th birthday in the case of a male or 30th birthday in the case of a female. The normal retirement date is the first of the month coincident with or next following his 65th birthday in the case of a male employee and her 60th birthday in the case of a female employee. Subject to the limitation of a maximum retirement annuity of $2,083.33 per month, the retirement annuity to be paid each year to an employee for the remainder of his or her life after the normal retirement date under the Future Service part of the plan will be 50% of his or her total contribution during the entire period of participation in the plan; and the Past Service retirement annuity will be equivalent to 1% of total past service earnings. All full time permanent employees of the Company who have reached their 30th birthdays and are under 65 years of age for males and 60 years for females are eligible for participation in the plan. If the present retirement annuity program of the Company remains in effect and Messrs. Gallagher, Hebel and Pardee continue in the employ of the Company at their present salaries until they reach retirement age, the annual annuities to which they will be entitled at retirement age will be $23,872, $13,174 and $15,485, respectively.

(b) Each Director who is not also an officer received $3,000 for his services in 1956.

## PROXY SOLICITED BY MANAGEMENT

The solicitation of the enclosed proxy for the meeting is made by and on behalf of the management of the Company.

The cost of preparing, assembling, printing and mailing the proxy statement, proxies, and any other material which may be furnished to shareholders in connection with the solicitation of proxies for the meeting, will be borne by the Company. In addition to the Company's solicitation of proxies by the use of the mails, some of the officers and regular employees of the Company, who will receive no compensation therefor in addition to their regular salaries, may solicit proxies by personal calls on or telephone calls to shareholders and brokers. The cost of such solicitations, if any, will be borne by the Company, and it is estimated that the total cost of all such solicitations will not exceed $100.

The Company will reimburse brokers and other nominees for their expenses in forwarding soliciting material.

## VOTING OF PROXY

The enclosed proxy, if signed and returned by the shareholder and not revoked, will be voted at the meeting. The persons named as proxies on the enclosed proxy have indicated that, unless specifically directed to the contrary, they intend to vote for the election of the directors nominated by the management.

PUBLIC SERVICE COMPANY OF INDIANA, INC.

Dated February 25, 1957

BY EDWIN G. AABYE, *Secretary*

**IMPORTANT**

**IN ORDER THAT THERE MAY BE A PROPER REPRESENTATION AT THE MEETING, EACH SHAREHOLDER, WHETHER HE OWNS FEW OR MANY SHARES, IS REQUESTED TO SEND IN HIS PROXY, ESPECIALLY IF HE IS NOT ABLE TO ATTEND THE MEETING. ATTENTION TO THIS REQUEST BY SHAREHOLDERS WILL REDUCE EXPENSE INCIDENT TO FOLLOWING UP PROXIES.**



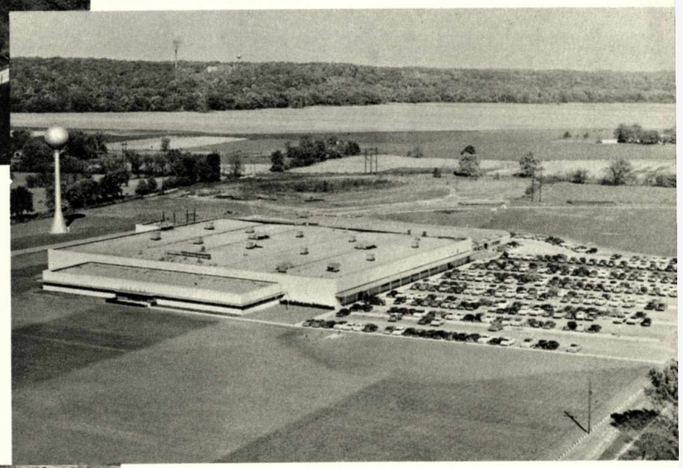
# *Recent Industrial Expansion*

SHELBYVILLE

General Electric Company

TERRE HAUTE

Allis-Chalmers Manufacturing Company



LAFAYETTE

Duncan Electric Company

KOKOMO

Chrysler Corporation

Terre Haute
Gas Corp.
Terre Haute - The City With
A Future.

# Mcf

FALL
1961

TEXAS GAS
TRANSMISSION
CORPORATION

Natural gas pipelines have not always been the large cross-country carriers of fuel that they are today. It took years of engineering progress to develop the types of steel, the welding techniques and the general know-how that were needed to build the modern pipelines used by Texas Gas to deliver gas hundreds of miles to its customers. Ninety years ago now, some of the earliest pipeline builders were using white pine logs, bored with an eight-inch hole, to form a 25-mile pipeline to deliver natural gas to Rochester, New York. The $1,500,000 venture soon failed, but out of this failure came later successes, and out of these successes has come natural gas for millions.

Mcf

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TEXAS GAS
TRANSMISSION CORPORATION

P. O. Box 1160 Owensboro, Kentucky

John R. Blewer
Director of Public Relations

John Potter . . . . . Editor

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COVER PHOTO:
There is something about the great out-of-doors on an autumn day that makes one feel as though he would like to live forever. Perhaps it is the general "feel" of the weather. Or perhaps it is the riot of beautiful fall colors. Or perhaps it is a combination of these plus other things. Fall days are days to remember, too, and as long as Matthew and Joel Griffith live they will remember the day they went out with their father, Russ Griffith, manager of engineering studies for Texas Gas, and piled high their wagon with products of the harvest.

## CONTENTS


In a City with a Future - - - - - - - - - - 2
Research Project–Fuel Cell - - - - - - - - 8
Education . . . for the Years Ahead - - - 10
Radio . . . Before it was Known - - - - - 16
Increased Deliveries Scheduled - - - - - 20
Gas Use Grows Steadily - - - - - - - - - 20
Before You Quit - - - - - Inside Back Cover


*Mcf* is a term in everyday use in the natural gas industry. Pronounced as three separate letters, *Mcf* means, simply, *thousand cubic feet*, the most common unit of measurement of our product.

**Oh, the moonlight's fair tonight along the Wabash,**

**From the fields there comes the breath of new mown hay.**

**Thru' the sycamores the candle lights are gleaming,**

**On the banks of the Wabash far away.**

Once, long ago, Indians sat along the banks of the placid Wabash River, huddled about the campfires that gave them warmth, that cooked their food, and that lighted the circle in which they gathered after the sun had faded into darkness in the west.

For a time, these Indians—the Miamis, the Kickapoos, the Shawnees, the Pottawattomies—had the river to themselves as they glided along its shimmering waters in their birch bark canoes. But then there came the inevitable trading post and the white man who exchanged colorful calico, beads and mirrors for the red man's furs.

As the river's riches lured the white man in greater numbers to the area of the Wabash Valley, and as pioneer families dreaming of opportunity came and established homes there, the inevitable happened again. A community sprang up. Soon it was a village of 400, and candle lights did gleam on the banks of the Wabash, just as the chorus of Indiana's state song says.

Today this former village is Terre Haute, Indiana. Now it is a city of 72,500 population. And now it is the home of Terre Haute Gas Corporation, a Texas Gas customer company that is the distributor of natural gas to homes, shops and industries not only in Terre Haute but in other communities in a region of which Terre Haute is the busy hub city.

A wealth of memories rise from the misty but glorious past in the area centered around Terre Haute and the Wabash River, and from the role the Wabash played in the development of the Northwest Territory out of which was carved a great portion of the United States as we know it today. This is an area that has existed under four flags, an area that has proudly made progress as the savage gave way to the soldier, the settler,

TERRE HAUTE Gas CORPORATION

# In a City with a FUTURE

the hunter, the trapper and modern-day man. To its people today, Terre Haute is more than just a place with a wealth of memories. It is a city with a wealth of those things that make for progress in the future.

From its earliest beginnings on the lone prairie, Terre Haute has weathered many reverses that could have dealt a near-knockout punch to places with less fortitude. But Terre Haute has moved forward steadily, and looks ahead with confidence as it reaches

The ornately constructed Vigo County Courthouse is a Terre Haute landmark.

the milestone that puts it only five years away from the 150th anniversary of its earliest beginnings as a newly laid-out and platted town.

Even from the days when it was composed of a few people, fewer log cabins, and still fewer streets, Terre Haute gave indications that it would not always be thus. It early served notice that it would be much more than just a struggling, faltering and always-small community—a fate that befell many early-days towns whose settlers, like the settlers of Terre Haute, had visions of growth, of industry, of wealth. Terre Haute presented a truly pioneer appearance as it progressed from the village stage of its existence through that of town. But by the time it was incorporated as a city, 103 years ago last April, Terre Haute and her people were ready for the steps that took them forward together.

In 1853, when Terre Haute received its charter, it had a population of some 4,000. The railroads were only a year old, and the public landing on the Wabash River was busy with the arrival and departure of steamboats. The streets were without pavement, and there were few sidewalks of better material than rough wooden planks. Those who moved about the young city at night did so either in darkness or by the dim light of a tin lantern punched with holes and in which burned a candle or a sperm oil lamp.

*Progress. Terre Haute must make progress. If Terre Haute is to make progress it must have light.* These were among the thoughts of her people, and especially of those who had seen the miracle of gas lights in eastern cities. It was thoughts such as these that led to the formation of the Terre Haute Gas Light Company, the earliest predecessor of the present-day Terre Haute Gas Corporation, and to the illumination of the growing young city 105 years ago—in September, 1856. Terre Haute glowed at night with the flames from a total of 329 gas lights.

A new era had come to Terre Haute with the start of service by the Terre Haute Gas Light Company. New homes were built, new industries were established in order to better serve the community, new businesses came into existence to meet the needs of the growing population.

ANTON "TONY" HULMAN
Chairman of the Board

One of these new businesses was a second gas distributor—the Citizens Gas and Fuel Company, which was formed in 1889 with Anton Hulman, Sr., father of Anton "Tony" Hulman, the present Terre Haute Gas Corporation's board chairman, as vice president. The new Citizens Gas and Fuel Company used crude oil, which had been found in great quantity around the city, in the manufacture of its gas instead of the coal that was used by the Terre Haute Gas Light Company. It was a comparatively short time before a merger of the two companies was effected, and the gas business in Terre Haute took an upturn as it became possible to give the people better service.

Times soon were in great contrast to those of early pioneer days. Not only streets, but business houses and homes were illuminated with gas lights, and gas was used for cooking. Terre Haute was becoming what the people then knew as a modern city.

Growth was coming all the while to Terre Haute and to the Citizens Gas and Fuel Company. In 1902, the company had installed 3,597 meters throughout the city and delivered 131.7 million cubic feet of gas—a great volume for that day but less than three per cent of annual sales today. By 1922, the city had 13,422 gas meters and used 514.8 million cubic feet of gas, and in 1926 the Citizens Gas and Fuel Company became the Indiana Gas Utilities Company. It was 15 years later—1941—that change of ownership brought another change of name to its present Terre Haute Gas Corporation.

The name of Hulman has been synonymous with progress in Terre Haute for well over a century, and with a Hulman in the chairman's position at Terre Haute Gas Corporation, it is evident to those who know the name why this company is making progress as it is. Tony Hulman has been at the helm in this enterprise since 1945, and also is prominently identified with numerous other corporations in Terre Haute and elsewhere in Indiana. The attention of the nation is focused on one of Mr. Hulman's properties



each May 30. It is the Indianapolis Motor Speedway, of which he is the owner and operator and at which the annual 500-mile automobile classic is held.

There is no substitute for experience in the management of a business, and Terre Haute Gas Corporation considers itself fortunate to have as its president and general manager one who has had many years of experience in the field of gas company operations. Roy S. Brunner, who fills that dual position, has been with the Terre Haute firm since 1934. He joined it as vice president and general manager after having already been associated with Indiana Gas Utilities Company in its Richmond, Indiana, operation for seven years. He was vice president at Richmond before going to Terre Haute, and has now completed 16 years as president of Terre Haute Gas Corporation.

Jo Quinn also has been an officer of Terre Haute Gas Corporation since 1945, all of this time as vice president, and Albert Richardson has been the company's secretary-treasurer since 1941. Mr. Richardson also is general manager and secretary-treasurer of Indiana Gas & Chemical Corporation, with which he has been associated since 1918. Through its coke-manufacturing operation, Indiana Gas & Chemical supplies manufactured gas to Terre Haute Gas Corporation on winter's coldest days to help it meet the peak demands of its customers.

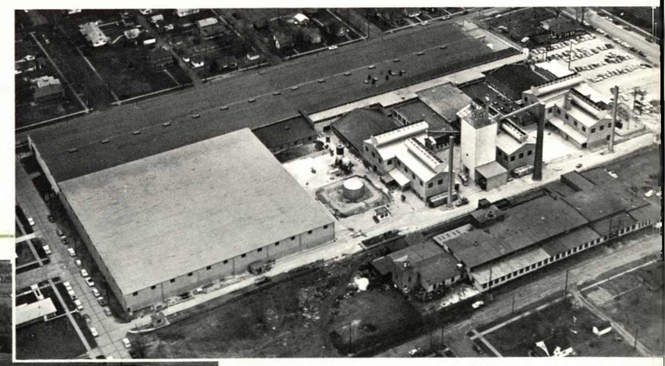
With a service-area population of 90,000, including Terre Haute and the smaller nearby cities of Brazil, Clinton, West Terre Haute and Youngstown, Terre Haute Gas Corporation is seeing the number of its customers and its natural gas sales increase steadily. Looking back to the winter of 1945-46, while the company still was serving its customers with manufactured gas from Indiana Gas & Chemical's coke plant to which was added quantities of "reformed" natural gas, it is found that peak-day sales were between two and two and one-half million cubic feet. Terre Haute Gas Corporation converted its distribution system at Brazil and Clinton to straight natural gas in 1951, and in the winter of 1952-53, its peak-day sale jumped to 7,264,000 cubic feet.

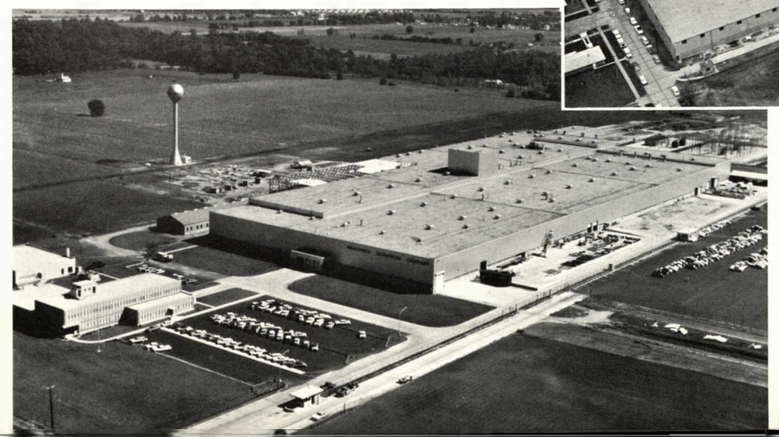
Texas Gas began making delivery of natural gas from its nine-state pipeline system for full-requirements use in Terre Haute in 1953, and with the availability of this new supply of fuel consumers on Terre Haute Gas Corporation's mains increased their gas use greatly. By the winter of 1954-55, peak-day gas deliveries by the Terre Haute distributor were 13 million cubic feet, and by the winter of 1960-61 they had more than doubled to 26.6 million cubic feet. Of this peak-day volume, 21,046,000 cubic feet came from the Texas Gas pipeline system, with the additional volume sold being manufactured gas and propane-air gas. The company fed these into its system from its own one million-cubic foot gas holder, Indiana Gas & Chemical's 500,000-cubic foot holder, and its own propane storage facilities.

In the winter that is now approaching, Terre Haute Gas Corporation estimates that its peak-day sales to its more than 21,600 customers will amount to over 28.5 million cubic feet. An allocation increase recently approved by the Federal Power Commission will permit Texas Gas to supply any volume of this up to 25,424,000 cubic feet daily.

ROY S. BRUNNER
President
and General Manager

ALBERT RICHARDSON
Secretary-Treasurer





There is great diversity of industry in Terre Haute, where two of a large number of gas-using plants are these. They are Anaconda Aluminum Co., left, and American-Wheaton Glass Co., above.

The new allocation of natural gas from Texas Gas pipelines—an allocation that is over three million cubic feet daily greater than the one in effect last winter—will make it possible for Terre Haute Gas to gain approval of the Indiana Public Service Commission for addition of 1,700 gas heating customers. The addition of this number will give Terre Haute Gas approximately 12,000 heating customers, which is a heating saturation of 58 per cent.

"We are vitally interested in developing underground gas storage facilities for future use," Mr. Brunner said. He noted that such facilities, in which natural gas can be placed for use in periods of peak demand, will be highly beneficial to both his company and to its customers.

Terre Haute Gas Corporation's general offices and display rooms occupy this building located in the bustling downtown business section of Terre Haute.

There is evidence on every hand that gas sales by Terre Haute Gas Corporation will be greater this year than in any year in the past. This conclusion is drawn as figures for this year and last, which was the company's previous year of greatest sales, are compared. In all 12 months of 1960, Terre Haute Gas's send-out to customers was 4,399,570,000 cubic feet. In the first five months of this year, however, sales figures had already far exceeded half of the 1960 figure, and Mr. Brunner and his associates in the company's operation anticipate the entire year's volume will reach or surpass the six billion-cubic foot mark.

Terre Haute Gas Corporation's primary business objective, naturally, is to deliver increasing volumes of gas to its customers. It has a second important objective, however — to see these customers are served in the best possible manner and that the most modern gas appliances are made available to them. Terre Haute Gas's 100 employees are dedicated to good service, and the company, through an active appliance promotion and sales program, keeps the latest in appliances before its customers.

For many years, Terre Haute has been a highly industrialized city. More than 100 plants make their homes there today, manufacturing a diversity of products including aluminum sheet and extrusion, chemicals, solvents, pharmaceuticals, meat and other food products, paints, varnishes, steel, plastic film, phonograph records, extruded plastics, glass containers, knitwear, bricks, electronic gear, baking powder, coke, lumber, gray iron castings, boilers, furniture, polyethylene packaging materials, inks, tools, dies, ammonias, mine machinery, creosoted lumber, and corrugated boxboard and containers. Benefits from these industries accrue to all in Terre Haute, and this applies especially to Terre Haute Gas Corporation which serves many of them.

A full line of modern gas ranges and other appliances occupies the display area at Terre Haute Gas. D. C. Rogers is sales manager and Mrs. Mary Howard is the company's home-demonstration agent.

Principal among the Terre Haute industries that are dependent upon Terre Haute Gas Corporation for gas that is a vital tool in their operations are the American-Wheaton Glass Corporation, Anaconda Aluminum Company, Columbian Enameling & Stamping Company, Terre Haute Malleable & Manufacturing Corporation, Visking Company, Columbia Records Division of Columbia Broadcasting System, Inc., Stran Steel Corporation, Chesty Foods, Inc., Terre Haute Vitrified Brick Works, and Commercial Solvents Corporation. Marion Brick Corporation, at Brazil, also is served by Terre Haute Gas. These plants manufacture glass containers, aluminum products, enamelware, malleable iron castings, plastics materials, phonograph records, structural steel buildings, potato chips, bricks and chemicals.

Terre Haute has a heritage in industry that dates back to 1824 when the first pork-packing plant was established there, and it also has a heritage in a colorful history that began 13 years earlier. It was in the fall of 1811, when Gen. William Henry Harrison and his army of 900 men pushed through the wilderness on a mission to establish a new outpost in war against the Indians, that what is now Terre Haute became more than just a spot on the prairie.

Harrison chose a high location on the banks of the Wabash as a strategic site for the outpost that became Fort Harrison, and the settlers who followed chose the area adjacent to it as the location for their homes. After the war drums ceased to beat, Fort Harrison, situated at the north edge of the present city of Terre Haute, became a place of refuge for settlers while their homes were being built. Up the Wabash came the earliest settlers, but as word spread that the fertile fields of the area offered rich opportunity, covered wagons drawn by lumbering ox teams began to appear on the horizon and their occupants became the builders of the Wabash Valley empire.

The Wabash became the artery of travel and traffic, and saved the people from stagnation and the death of isolation. Trade up and down the river increased and built the foundations of a lasting growth. The river brought Terre Haute its first fame, for it became widely known as a shipping port. Corn, wheat and pork from the flourishing pork-packing industry there were loaded onto barges that floated down the Wabash, the Ohio and the Mississippi Rivers to New Orleans. With no way to propel them back against the current, the owners sold the barges for lumber at New Orleans and journeyed back to Terre Haute by land. The trip to New Orleans and back took a full year. But the bargemen always returned. There was a drawing power to Terre Haute that brought them back to their homes.

Their return, the arrival of new residents, and the expansion of business and industry made Terre Haute and brought it the advantages it has today, the many services, conveniences and luxuries it offers its people. And there are several areas in which it excels.

One of these areas is education. Others are its social and cultural life, its natural resources that are so important to industry, its fuel and power supplies, its retail and wholesale business facilities, its water supply, its labor supply, its air, rail, bus and truck transportation services, its recreation facilities.

In Terre Haute one finds a character that is many sided. From here have come the poet and the scholar, the dreamer and the doer, the practical industrialist, and many other kinds of people. The city has had many notable sons, and a glance at a partial list will illustrate. There were, for instance, Max Ehrmann, who gave the world some of Hoosierdom's most beautiful literature; Paul Dresser, who dreamed and wrote songs, among them *On the Banks of the Wabash;* his controversial novelist brother, Theodore Dreiser (the correct family name); Chapman S. Root, industrialist who designed the Coca-Cola bottle and amassed a fortune, and baseball greats Mordecai (Three-Finger) Brown, Vic Aldridge and Art Nehf.

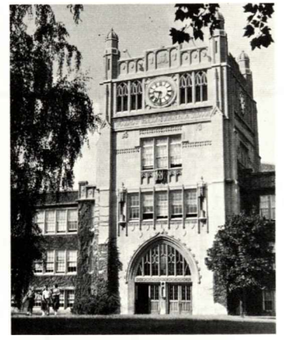
Gone is Terre Haute's past, however. The city does not seek to stand today and grow tomorrow on its past. Terre Haute and its Chamber of Commerce point to the key city of the Wabash Valley as *A Better Place to Serve the Nation*, and as such it looks forward to serving even better in the future than in the past.

Looking to the future, too, is Terre Haute Gas Corporation whose president declares that "there is no limit to what we will do to serve." The company's entire organization, its entire facilities, including its 323 miles of pipelines that range in size up to 16 inches in diameter and that extend east to Brazil, north to Clinton, west to West Terre Haute, and south to Youngstown, are ready.

Hanging on the wall of the office of Terre Haute Gas's president is a framed card on which nine words appear.

*The man who thinks he can't is usually right,* it reads.

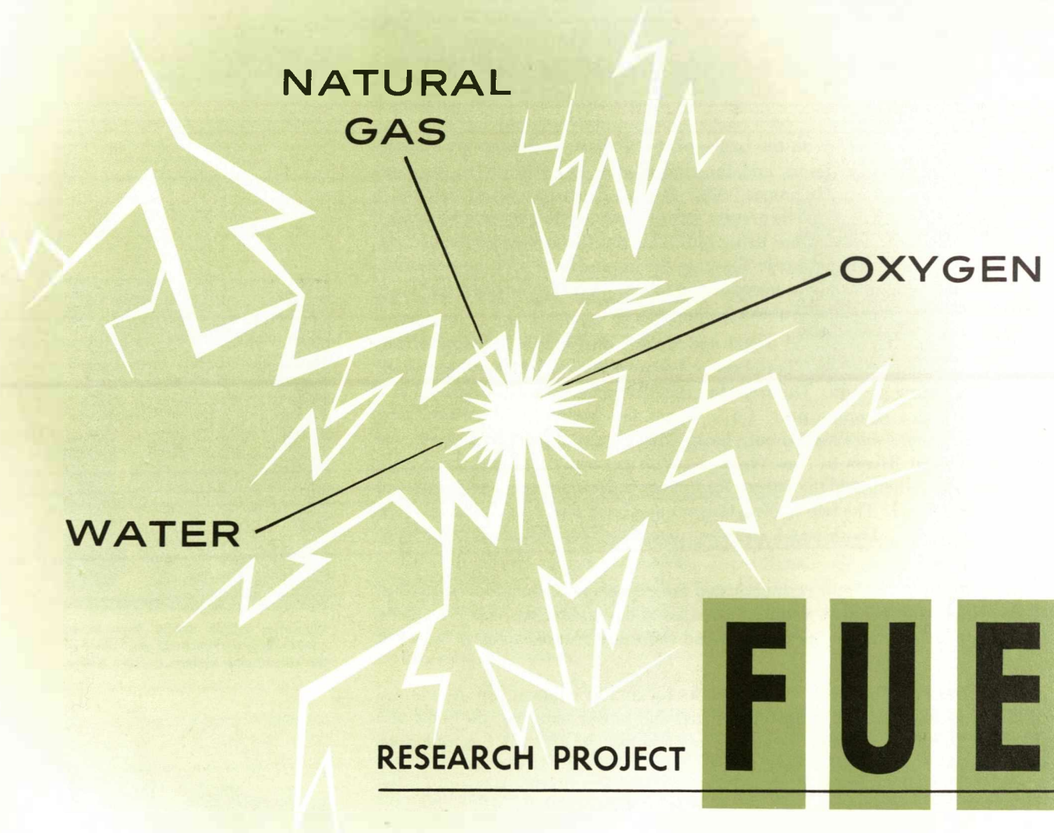
The people of Terre Haute Gas Corporation have never thought they *can't*. They know they *can*, and based upon performance in the past, it is a foregone conclusion that they *will* in the future.



Woodrow Wilson Junior High is an outstanding architectural showpiece of the educational system at Terre Haute.

Transportation demands at Terre Haute are met by rail, road and air facilities. This is the city's air terminal.

Terre Haute is proud this year of its Kathy Burke, the Miss Indiana of 1961. Left is the city's Mayor Ralph Tucker.




RESEARCH PROJECT

# FUEL CELL

Americans today are living in an era of research revolution. They are living in an era of bigger buildings, of better homes, of richer lives. They are living in a day in which, despite all of the marvels of the present, the future holds bright promise of developments even more exciting.

Many of these exciting developments are due to come in the natural gas industry which now serves 33½ million residential, commercial and industrial consumers. And as developments come in the natural gas industry, they will come through research which has been producing miracle uses for gas for years. If the thousands of things that gas has touched were taken away, civilization as we know it here in 1961 would be given a terrific setback.

Basic gas research projects on which work now is being done are designed and aimed at revolutionizing the ways Americans get and use energy. One, in which the gas industry puts great faith and in which it is investing substantial sums of money, is the *fuel cell* that takes gas, water and oxygen and converts them into electricity. Perfection of the fuel cell as a practical source of power may well lead to future home owners economically obtaining all of their electricity from a device that can be tucked away in basement, carport, storage room, or garage.

The gas industry visualizes the fuel cell package as providing all of the energy requirements of the home. It would supply electricity for lights, radios, television, hi-fi sets, mixers, vacuum cleaners and other uses people have at present for power from electric lines. Heat from the process of converting gas, water and oxygen into electricity would provide both summer and winter comfort through space heating and air conditioning, and would heat the home's water supply. And in addition, gas would continue its present jobs of refrigerating and cooking food, incinerating garbage, and drying laundry.

More than 60 industrial and government fuel cell projects are known to be in existence at the present time, but one in which the gas industry has faith is the one that will combine natural gas and steam from water to produce necessary hydrogen and then, with the addition of oxygen from the air, create electricity. Such a fuel cell is seen by the gas industry as a convenient, versatile single source of heat, cooling, and electrical energy in an all-gas home.

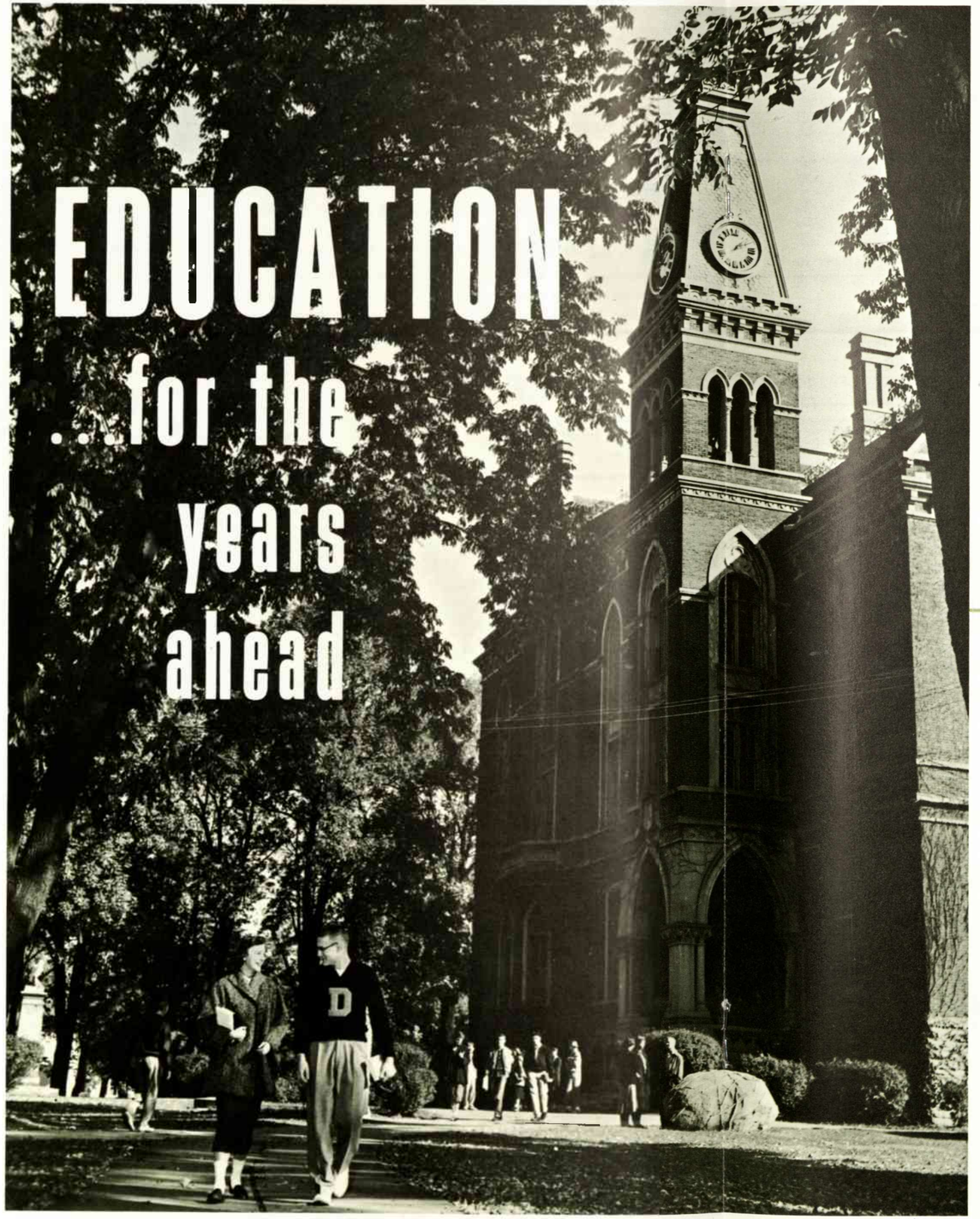
Being realistic, the gas industry envisions the fuel cell as being a few, or possibly even several, years away. When researchers have completed their job and when the cell is in commercial production and ready for market, its size is expected to be somewhat similar to that of the modern residential gas furnace, and its cost level would be expected to be quite favorably in line with the total cost of separate space heating, cooling and water heating equipment. Its economy for the home owner would be continuing, however, through its low-cost production of electricity and its complete use of natural gas for the purposes of space heating and cooling, and water heating.

The development of the fuel cell to the point that it might be placed in general use is seen as a means of upgrading natural gas to a still greater extent by further increasing its flexibility and uses, thereby increasing its value. A fuel cell which is long-lived and which is economical to manufacture and use would give its users electric service that would not be subject to storm-caused power failures. Cost would be lower, too, because it is less expensive to deliver energy through a natural gas system than through an electrical generation and distribution system, and because the fuel cell's theoretically attainable efficiency is quite high. The investment per unit of energy delivered is over 10 times as great for electricity as for gas, and the efficiency of the fuel cell is seen as above 80 per cent. The over-all efficiency of an electrical generating station is but about 35 per cent because of the number of steps involved. In many areas of the country, a unit of energy in the form of gas costs the residential customer only one sixth to one eighth as much as a unit of energy in the form of electricity.

The principle of the fuel cell, it is true, has been known for a long time. But new developments in the field of catalysts give promise of a new source of energy for the consumer within a few years. As they are viewed today, fuel cells would be low-cost items because of their simplicity, because they have no moving parts, because they can be mass-produced from materials that, for the most part, are inexpensive. And they require but little upkeep.

Another advancement in the conversion of fuel to electricity has been made in the thermoelectric unit. With a thermoelectric unit, electricity is generated by heating a junction point of two dissimilar metals or compounds, as in a thermocouple. The application of the thermoelectric unit to powering the blower fan on an electric furnace has already been successfully demonstrated, and use of such a unit would have definite collateral advantages for the home owner. This unit is expected to be available in commercial quantities in approximately two years. For the first time, there will be available a forced-air-heating unit requiring only gas for all of its operating functions and that will operate when normal sources of electric power are disrupted. The principle of the thermoelectric unit has been applied for many years to pilot lights on furnaces, ovens and water heaters, holding safety valves open when pilot lights are on, and causing them to close if the pilot lights are off. One type of thermostat circuit regulates the gas burner regardless of what happens to the usual source of electricity.

Continuing gas industry research is to bring more and better things for gas users.




**Twenty years ago, only one in 18 persons in the American labor force had a college degree. Today, the number who have pursued studies on the upper levels and are college graduates has increased until one in 10 Americans possesses this educational advantage with which to help both himself and his nation along the road ahead. In every walk of life, however, there still is a shortage of competent people, although opportunities abound for the individual who can demonstrate capability.**

**The need for more and more men and women who can combine knowledge and capability, and make of them tools that will be helpful not only to themselves but also to their fellow men, has brought about an increasing awareness that good programs of education are most important to the nation.**

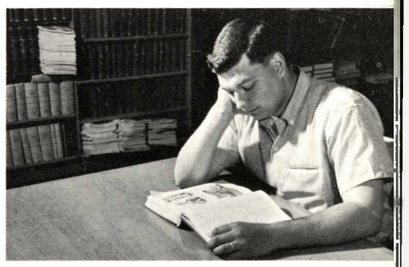
**At Texas Gas, as everywhere on the American business scene, there is great interest in the education of youth. During the coming years, large numbers of young people will be trained in the colleges and universities of the growing area of the United States to which the Texas Gas pipeline system delivers natural gas. This is another of a series of articles appearing in *Mcf* and devoted to the colleges and universities of this area and to the way they serve for both present and future.**

The annual fall trek to campuses across the United States has taken hundreds of thousands of American young people into classrooms again, seeking to prepare themselves for the years ahead when they will be parts of the nation's productive team.

These are young men and young women with a purpose—a purpose that can lead them into places of leadership in the world of business, industry and the professions. Many thousands of them are making their preparations in 10 colleges and universities located in those parts of Indiana that are served by Texas Gas. Training is available in these Indiana schools for whatever field the young person expects to enter, and opportunities are offered in them, too, for adults to pursue studies on a part-time basis that will help them be better-informed members of society and that will help them advance in the businesses and industries in which they are employed.

The Indiana schools of the Texas Gas service area are: DePauw University, at Greencastle; Evansville College, at Evansville; Franklin College, at Franklin; Hanover College, at Hanover; Indiana State College, at Terre Haute; Indiana University, at Bloomington; Oakland City College, at Oakland City; Rose Polytechnic Institute, at Terre Haute; Saint Mary-of-the-Woods College, near Terre Haute, and Vincennes University, at Vincennes.

DePauw University, whose history began with the frontier preachers of the Methodist denomination who



recommended the establishment of "a seminary or college, under good literary and moral regulations," soon will be 125 years old. It was chartered on January 10, 1837, as Indiana Asbury University, became DePauw University in 1884, and throughout its existence has been located at Greencastle (population nearly 10,000). DePauw's campus of 60 acres is in the center of Greencastle.

Comprised of the College of Liberal Arts, the School of Music and the School of Nursing, DePauw is a coeducational institution. Its stated purpose is to give its students, through a broad and liberal education, an understanding and appreciation of the cultural and scientific achievements of man, to inspire them with a love for truth and beauty, and to prepare them to live in society more effectively.

The liberal arts program at DePauw provides, during a student's first two years, a broad educational background which serves as a basis for specialization during the last two years of study. Twenty-six academic departments prepare students for careers in business, industry, teaching and the professions. Pre-professional preparation is offered for engineering, law, the ministry, medicine, medical technology, dentistry, and forestry. Degrees on both the undergraduate and graduate levels are offered, including the Bachelor of Arts, Bachelor of Music, Bachelor of Science in Nursing, Master of Arts, Master of Arts in Teaching, and Master of Music.

Evansville College, a liberal arts coeducational institution, has been related to the Methodist Church throughout its history that began in 1854. Founded as Moores Hill Male and Female Collegiate Institute, and later known as Moores Hill College, it has been serving the Evansville area since 1919. An offer by the people of Evansville to raise $500,000 with which to establish a new campus led to its move from its original location. The present campus of 70 acres is situated in a residential area of Evansville (population 145,000).

Providing liberal arts and pre-professional curricula, Evansville College seeks to qualify students "to engage in the several employments and professions of society," and to give its students an adequate breadth and depth of understanding that will, among other things, aid them in choosing and preparing for their life's work. Students at Evansville College may choose curricula leading to the Bachelor of Arts, Bachelor of Science or Bachelor of Music Education degrees. Areas within which the Bachelor of Arts degree is awarded include liberal arts, pre-professional and teacher training. The Bachelor of Science degree may be earned in the engineering, business administration, medical technology and nursing fields.

Students seeking only a junior college education may earn the title Associate of Arts in the fields of art, journalism, music or religion, or the title Associate of Science in the fields of business administration, secretarial science or home economics.

Franklin College, founded in 1834 by pioneer Baptists, is a coeducational liberal arts college that is voluntarily associated with The American Baptist Convention. Both Franklin College and the city of Franklin (population nearly 10,000) take their names from Benjamin Franklin.

Situated on a 41-acre campus in residential Franklin, the college has long taken pride in its liberal arts tradition, its religious foundation and orientation, and its concern for the mind. Its purpose is to offer the kind of educational opportunities that develop intelligent, purposeful leaders for the future. Training that will lead to careers in medicine, dentistry, social work, law, medical technology, elementary and secondary education, the ministry, government service, journalism, and business is available at Franklin, and baccalaureate degrees are awarded.

In college classrooms across the states of the Texas Gas service area, as elsewhere across the nation, today's young people are being prepared by competent, dedicated instructors for their roles as leaders of tomorrow.

Students in search of knowledge that will fit them for their roles in life have long found the campus library to be an important aid in their studies.

A recent intensive study of Franklin College's curriculum resulted in establishment of a liberal studies program that embodies the school's idea of how the liberal arts concept of the education of the whole man can best be realized in a complicated and challenging world. The general education courses of the freshman and sophomore years provide a foundation upon which a student's specialization or area of concentration is built. The student's junior and senior years are devoted to intensive study in an area of concentration, with the work carefully planned so that he may acquire the fullest training in his specialty.

Hanover College, an independent four-year institution affiliated with the Presbyterian Church, was founded on January 1, 1827, making it the oldest of the four-year private colleges in Indiana. Although it soon will be 135 years old, Hanover is a modern coeducational college with some 24 new buildings, nearly all of them erected since 1946.

Located at the edge of the small town of Hanover (population 1,200) and five miles west of Madison (population 11,000), Hanover College is an academic community at which nearly all of the faculty and students live on the campus. This campus of 300 acres is situated on a headland overlooking the Ohio River and is the same campus on which the original Hanover Academy was located. It became Hanover College in 1833. By its charter, the Hanover trustees are independent of ecclesiastical control, but they have formally adopted the standards established for Presbyterian colleges. The United Presbyterian Church in the U.S.A. makes annual grants to support Hanover's work.

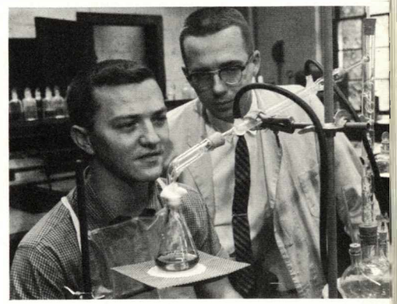
Graduates of Hanover, which confers the Bachelor of Arts and the Bachelor of Science degrees, are prepared to enter many fields of endeavor. Students may secure the education necessary for teaching in elementary and secondary schools, or for positions in the field of recreational leadership. A program in business administration gives a fundamental preparation for all fields of business, and pre-professional education is available in engineering, law, dentistry, medicine, physical therapy, nursing, journalism, social work, religious work, and the ministry.

Indiana State College, created by an act of the Indiana General Assembly in 1865, opened as Indiana State Normal School in 1870 and during the years since that time it has grown with the state of Indiana. It occupies a campus area of approximately 40 acres in downtown Terre Haute (population 72,500).

Although it was founded as a coeducational institution for the preparation of teachers and educational administrators, Indiana State has as its principal objective a basic general education for all students. Curricula are provided leading to the baccalaureate degree for students not seeking teacher education, and provision is made for strong pre-professional studies for law, medicine, dentistry, engineering and pharmacy. A liberal arts curriculum leads to degrees in art, nursing, secretarial science, general business administration, accounting-business administration, merchandising-business administration, public accounting, medical technology, music, radio-television, pre-social work, and theatre.

Graduate degrees, as well as baccalaureate degrees, are conferred by Indiana State. Both the Bachelor of Arts and Bachelor of Science degrees are offered on the baccalaureate level. Degrees offered on the graduate level are Master of Arts, Master of Science, and the Advanced Degree in Education, the latter awarded upon completion

The scientists who will make the great discoveries of the years ahead now are learning the fundamentals that are to mean much to them and their fellow men.



After study . . . Romance

Experiments conducted in campus laboratories help develop student skills.

of one year of study beyond the master's degree. The Doctor of Education degree is granted in collaboration with Indiana University.

Indiana University, constituted by law as the state university of Indiana, had its beginning in 1820 with one professor and two buildings. It has grown in the ensuing 141 years, however, until it has increased its enrollment to more than 20,000 and its faculty to approximately 1,200, with more than 250 buildings on its central campus at Bloomington (population 32,000). In addition, Indiana University's Medical Center at Indianapolis covers 80 acres, and it has extension centers throughout the state.

The university proper is composed of ten colleges and schools, and four academic divisions. Colleges and schools of the university are the Junior Division (in which all freshmen are registered), College of Arts and Sciences, School of Business, School of Education, School of Health, Physical Education and Recreation; School of Music, Graduate School, and the Professional Schools, which include the School of Dentistry, School of Law, School of Medicine, and School of Nursing. The academic divisions are the Division of Library Science, Division of Nursing Education, Division of Optometry, and Division of Social Service. These schools, colleges and academic divisions offer a wide variety of baccalaureate, graduate and professional degrees.

Although Indiana University's prime function is to teach, offering each student a great breadth and depth of instruction, almost as important is its secondary function of developing knowledge through research. Major studies and investigations are being carried on by outstanding researchers.

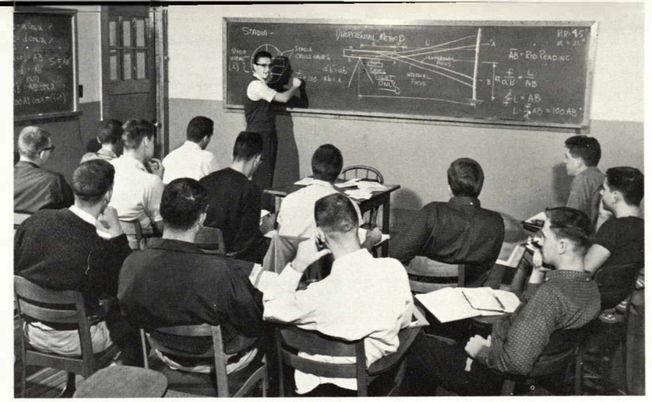
Oakland City College, since its founding in 1885, has had as its one dominant purpose providing a higher education for all who have the desire to learn and have the innate ability to realize their ambition. In fulfillment of this purpose, the coeducational college points out that it concerns itself with both the needs and the potentialities of its students—with their complete personalities as well as with their absorption of the material included in lectures and libraries.

The history of Oakland City College is intimately connected with that of the General Baptist denomination, the religious organization that founded it and that still supports it. On its campus of 15 acres located on the west side of Oakland City (population 3,100), Oakland City College provides its students a program of general education in the natural and social sciences, languages and literature, the fine arts, philosophy, and religion. In addition to general familiarity with the field of liberal education, the college seeks to give its students a thorough basic training for a chosen field of specialization within selected areas. To this end, it offers four years of training for the ministry, teacher education, business education, and preparation for the professional, graduate and technical schools.

Bachelor of Arts and Bachelor of Science degrees are granted by Oakland City College. It also offers a two-year terminal certificate program for secretarial science and accounting, and awards a diploma in Bible.

Rose Polytechnic Institute is an endowed college for men offering a liberal education in engineering and the sciences, with courses of study in civil, chemical, electrical, and mechanical engineering, and in chemistry, mathematics and physics. It was founded in 1874 by Chauncey Rose, an early resident of Terre Haute. Rose Polytechnic Institute has maintained and fostered since its inception high academic standards for

The arts, including fine music, have a definite place on the campus of today.



Young men who aspire to careers as engineers take knowledge from the classroom for later practical application.

its students, and developed from the first a program of engineering education that has kept pace with the modern developments in engineering and the sciences.

Until 1922, Rose was located in Terre Haute. In that year, however, it moved to its present campus, a 123-acre plot two miles east of the city. Here it provides for its students courses of study that lead to the Bachelor of Science and the Master of Science degrees, and provides an environment in which the student acquires knowledge and understanding necessary for the engineer and the scientist who seeks to maintain in a democratic society the highest standards of his profession.

To maintain a high standard of instruction, enrollment is limited to a carefully selected group of students—approximately 175 freshmen a year at present—divided among the curricula in Rose's various fields of study. Since its first day, Rose has placed emphasis in instruction upon the fundamentals of science and engineering, and upon offering a good foundation in non-technical subjects with the purpose of enabling each graduate to live intelligently in an industrial environment.

Saint Mary-of-the-Woods College, which was founded in 1840 and which is a four-year liberal arts Catholic college, has devoted itself throughout its history to the higher education of young women in the light of Christian truth and virtue. Modified landscaping has been artfully used to bring out the natural woodland beauty of the spacious campus which includes some 200 acres of parks, gardens, lakes and bridle paths, and which is located at Saint Mary-of-the-Woods, four miles from Terre Haute.

In its full role, the college community of Saint Mary-of-the-Woods serves not only the purpose of learning, but also the purpose of learning for living. Toward the accomplishment of this goal the college provides for a fourfold development of the student—spiritual, social, cultural and physical.

Seven baccalaureate degrees are conferred by Saint Mary-of-the-Woods College upon completion of a four-year curriculum. These are Bachelor of Arts, Bachelor of Science, Bachelor of Fine Arts, Bachelor of Science in Music, Bachelor of Science in Music Education, Bachelor of Science in Home Economics, and Bachelor of Science in Education. Courses of instruction leading to these degrees are in wide variety and include art, biology, business administration, chemistry, classical languages, secondary and elementary education, English, history, home economics, journalism, library science, mathematics, modern languages, music, philosophy, physical education, physics, psychology, religion, social sciences, sociology, speech, and drama.

Vincennes University, a coeducational community junior college, is the oldest institution of higher education in Indiana. It was founded as Jefferson Academy in 1801, became incorporated as Vincennes University in 1806, and has occupied its present modern 35-acre campus in residential Vincennes (population 19,000) since 1953.

Since the days of its establishment as the pioneer college in the Indiana Territory, Vincennes University has been concerned with the provision of educational opportunities for all. At the present time it offers two years of college work for three types of students—those who expect to transfer their credits to four-year colleges and universities, those who expect to complete their vocational training at Vincennes, and those who are interested in general education, self-development and enrichment. In addition to its junior college curricula, Vincennes University has joined Indiana University in establishing the Vincennes Educational Center on the Vincennes campus. It is the intent of this center to give a fuller program of service not only to students who are working toward a college degree but also to adults.

For the successful completion of two years of college work leading to an academic degree, Vincennes University grants the degrees of Associate in Arts and Associate in Science. Courses of study are offered in agriculture, art, commerce, education and psychology, engineering, English, home economics, mathematics, modern languages, music, nursing, philosophy, physical education, science, social science, and technology.

Students who are deep in studies this fall have two goals—acquisition of knowledge and skills, and graduation.

OUT OF THE PAST

Nathan B. Stubblefield may well have been an eccentric, but he also was the *Father of Radio*. His young son, Bernard, helped with broadcast experiments.

# RADIO ***

## BEFORE IT WAS KNOWN

"I've done it. I've been able to talk without wires all of 200 yards. And it will work everywhere."

In these days, when man talks across distances of hundreds and even thousands of miles without the benefit of wires to carry his voice, such a statement would create little, if any, stir among those who might hear it.

As a matter of fact, it created little or no stir back in 1885 when it was made at Murray, Kentucky, a short distance from the route of today's long-distance and large-diameter Texas Gas pipeline system. Few people paid much more than passing attention to Nathan B. Stubblefield, the speaker, who was generally conceded by his fellow townspeople to be an eccentric.

The few who did pay attention among the residents of Murray, one of a long list of cities that receive their natural gas from the Texas Gas system, showed some curiosity, of course. Naturally, then, with the passage of time, a few details of what Stubblefield was doing at his farm home at the edge of Murray came to light. Some who had perhaps peeped through the high untrimmed hedge that surrounded the Stubblefield home reported having seen rods sticking in the ground, coils of wire lying about, and other unusual pieces of apparatus placed in various locations.

The people of Murray, however, did not and could not imagine the impact the things with which Stubblefield experimented at his home, and the impact the truth of his statement, would have on the world in the years ahead. They had never heard the word *radio*, for this was a word that was yet to come into use. But Stubblefield today is recognized as the first man ever to broadcast the human voice. A bronze plaque recently presented to Murray by the Kentucky Broadcasters Association calls him the *Father of Radio*. Invaluable documents that are gathered at Murray and that are housed at the Murray Chamber of Commerce tell the story of Stubblefield and his discovery of the fundamental principles of broadcasting that preceded modern radio.

Guglielmo Marconi, it is true, was the inventor of wireless telegraphy, which sometimes is confused with radio and which was given world-wide acclaim when he bridged the English Channel with dots and dashes in 1895. But that was ten years after Stubblefield first told of talking without wires, and it was at least three years after he had privately demonstrated voice transmission by a completely wireless system.

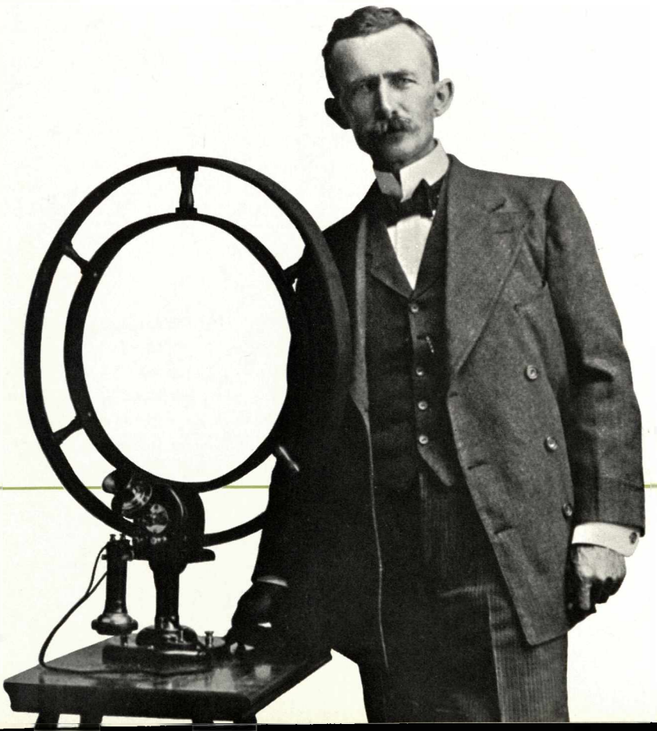
If Stubblefield was an eccentric he also was a perfectionist. This is why years went by after his private demonstrations before he made his invention, which he called wireless telephone, known to the public, and is why his is a name that is not well-known along with those of Marconi and DeForest.

Rainey T. Wells, an attorney at Murray at the time of the Stubblefield experiments, later president of Murray State College and general attorney for the Woodmen of the World, often told how, in 1892, Stubblefield demonstrated for him one of his voice broadcasts.

"One day," Wells related to one interviewer, "he (Stubblefield) invited me out to his farm for a demonstration of some kind of wireless outfit. Mind you, this was in the days when even telephones were rare. He had a shack about four feet square near his house from which he took an ordinary telephone receiver, but entirely without wires. Handing me these, he asked me to walk some distance away and listen.

"I had hardly reached my post, which happened to be in an apple orchard, when I heard 'Hello, Rainey' come booming out of the receiver. I jumped a foot and said to myself, 'This fellow is fooling me. He has wires someplace.' So I moved to the side some 20 feet but all the while he kept talking to me. I talked back and he answered me as plainly as you please. His voice sounded much as a human voice sounds over a telephone today, but there were no wires, mind you."

Wells related, too, how he tried to induce the farmer-inventor to patent his device and how he refused.



The wireless telephone that was invented by Stubblefield was a weird looking thing by today's radio standards. The iron ring was its receiver, and it utilized a carbon ball microphone. He refused fabulous offers for his invention.

"He wanted to continue his research, perfect the thing, he said," Wells added.

Word of what Stubblefield was capable of doing spread, and Murray was often visited by investors, promoters and scientists in the years that followed. But Stubblefield would not talk with them, would not give them a demonstration, would not show them his wireless telephone. Offers ranging from $50,000 to a half million dollars were made for a part interest in his invention. He refused them all.

Finally, by January 1, 1902, Stubblefield must have felt that he had developed the wireless telephone to the state of perfection he demanded. On this date, and before a group of approximately 1,000 persons who gathered on the courthouse square at Murray, he publicly demonstrated the thing about which Murray people had talked but which few had seen.

The crowd watched curiously as Stubblefield and his young son, Bernard, who was his father's only assistant, set up a box about two feet square at one place, and then set up another one some 250 feet away. All present saw that there were no connecting wires. Stubblefield leaned over and spoke in low tones into one box. His words were heard to come out of the other. Then Bernard played a tune on a harmonica. It was picked up perfectly by the receiving set.

The people of Murray that day had heard the first public broadcast of voice and music. James L. Johnson, executive secretary of the Murray Chamber of Commerce, has among Stubblefield relics the aging harmonica said to be the one that was played by young Bernard. It was a possession for many years of Vernon Stubblefield, the inventor's cousin and still a Murray druggist.

A reporter for the St. Louis *Post-Dispatch* was among those who saw and heard Stubblefield's demonstration. A banner headline which appeared in a feature section of the *Post-Dispatch* on January 12, 1902 proclaimed:

KENTUCKY FARMER INVENTS WIRELESS TELEPHONE

Following this was a secondary headline that told that "Nathan Stubblefield Raises Vegetables for Market in Order That He May Live, But Has for Ten Years Devoted All of His Spare Time to Electrical Experiments, Until Now He Has Perfected a Wireless Telephone System Over Which Messages Are Distinctly Heard at a Mile."

The world soon called for other demonstrations of Stubblefield's new wireless telephone, and he obliged with appearances at Washington, New York and Philadelphia. At Washington, on March 20, 1902, he gave two demonstrations. In one of them

Stubblefield relics, including patent certificates, are filed at the Murray Chamber of Commerce by J. L. Johnson, executive secretary and Stubblefield historian, and Linda Gruggett.

The date was March 20, 1902. The site was Washington, D. C. Stubblefield was giving a public demonstration of his invention for government dignitaries.

he broadcast from the steam launch *Bartholdi* on the Potomac River to scientists on the river bank, a half mile away. His other Washington demonstration was on land. Both were reported the next day by *The Washington Post*.

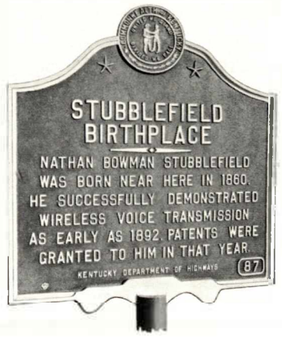
Eccentric though he was and perfectionist though he was, Stubblefield was not practical. He had not yet patented his invention, and did not apply for a patent until April 12, 1907. On May 12, 1908 he was issued United States Patent Certificate No. 887357, and Canadian Patent No. 114737 was issued to him on October 20, 1908. These, along with other patent certificates, are among the documents on file at the Murray Chamber of Commerce.

Stubblefield's patents evidently were too late, however. Another had developed broadcast equipment in the years between 1902 and 1908 and sold rights to the device to a company that would promote it. Faced with this reality, Stubblefield returned, bitter and disappointed, to his native Murray and to the obscurity from which he had risen during the years before.

With his home lost to creditors, Stubblefield built a dirt-floored tin-and-cornstalks shack at another location a short distance away. There, for the next 20 years, he brooded in silence.

Stubblefield, who had been unknown, wanted to be forgotten. He refused to see or talk with all except a few friends, and refused financial assistance and sympathy. Plunged into self-imposed oblivion, he continued to experiment and plan other wireless devices. Neighbors reported the appearance of wireless lights in trees, on steel rods, and along the fence surrounding his home. But no one knew more than that they were seen. A few days before he was found dead in his shack on March 28, 1928, Stubblefield told a friend that he had perfected a device that would take light from the earth and air, just as he had taken sound from the air.

Whatever basis there was for this statement died with Stubblefield, and the inventor carried his latest secrets to his grave. But his memory lives on at Murray where, in 1930, the city's people erected a monument to him on the campus of Murray State College. This monument to an inventor isn't to be found on the campus today, however. It is carefully crated and stored away while a new building—a monument to education—is erected where it stood for over 30 years. When the building is completed the Stubblefield memorial will again occupy an honored place to remind all of the man who said in disillusionment, "I was born before my time."




This marker stands at Murray, Kentucky.

The Stubblefield family and the Stubblefield wireless telephone equipment were gathered outside the family residence for a turn-of-the-century photo.

## Increased Deliveries Scheduled

Increased deliveries of natural gas from the Texas Gas pipeline system, beginning with the approaching winter, have been authorized by the Federal Power Commission. Construction of facilities that will make the increase possible is underway in six states.

The facilities approved are system additions costing approximately $17 million that will make 50.2 million cubic feet of gas available daily to 41 customers in Arkansas, Mississippi, Tennessee, Kentucky, Illinois, Indiana and Ohio. The additions are scheduled to be completed prior to winter's heaviest demands for gas. Included in 146 miles of pipeline authorized are extensions that will take the Company's supply lines farther into the prolific South Louisiana producing area to connect there with large new gas reserves in nine producing fields. The lines range up to 30 inches in diameter. Compressor horsepower also is being added to the system.

Welders' arcs are flashing in several areas this fall as sections of large-diameter pipe are joined together in the 1961 Texas Gas system expansion.

## Gas Use Grows Steadily

The gas industry in the United States now serves 33½ million residential, commercial and industrial customers, and has added an average of more than 800,000 residential customers a year during the past decade.

More than two thirds of the 30.4 million residential gas consumers use gas for home heating, the American Gas Association has reported. This number has more than doubled in the past 10 years. It has been forecast by the A.G.A. that the number of residential customers using gas for heating or cooling, or both, will increase steadily until 85 per cent of them will be using gas for these purposes in 1969. The number using gas for residential heating and cooling now is approximately 21 million. This figure is seen as going up to 32.5 million by the end of the Sixties.

While the average per capita use of all types of energy has increased only about five per cent in the past 10 years, the per capita use of natural gas in the United States in the same period has increased by more than 60 per cent.



# *Before You Quit . . .* READ THIS

*Reprinted from Newsweek*

The first strategy of many
who are faced with a problem
is to quit.
But a man who suffered
such severe burns on his legs
that he faced amputation—
*he* didn't quit.
He became the most successful
distance runner of his time.
And a man with less than one
year of formal education
didn't quit.
He became the most revered
president we ever had.
And a fragile boy in Scotland,
bedridden most of his childhood,
didn't quit.
He became such a masterful story-
teller your great-grandchildren
will cherish his books as you did.
Now if you had *all three*
of those strikes against you,
nobody would blame you for
quitting.
But unless your legs are
severely burned,
and you're so fragile you have
to stay in bed,
and you never graduated from
second grade,
why don't you turn around
and get back to work.
Maybe we'll be writing
about *you* someday!

**responsibility...** *America's millions of consumers and investors form the cornerstone upon which American industry is built. Thus, industry assumes an important responsibility to those it serves and to those who supply its capital. It is in this spirit of responsibility that the natural gas industry serves the nation with vital fuel energy. > In the heart of mid-America, Texas Gas exercises this responsibility by supplying energy for new industry. Companies seeking the advantages of strategic location, adaptable labor, multiple means of transportation and abundant gas energy should examine the growing eight-state region served by Texas Gas.*

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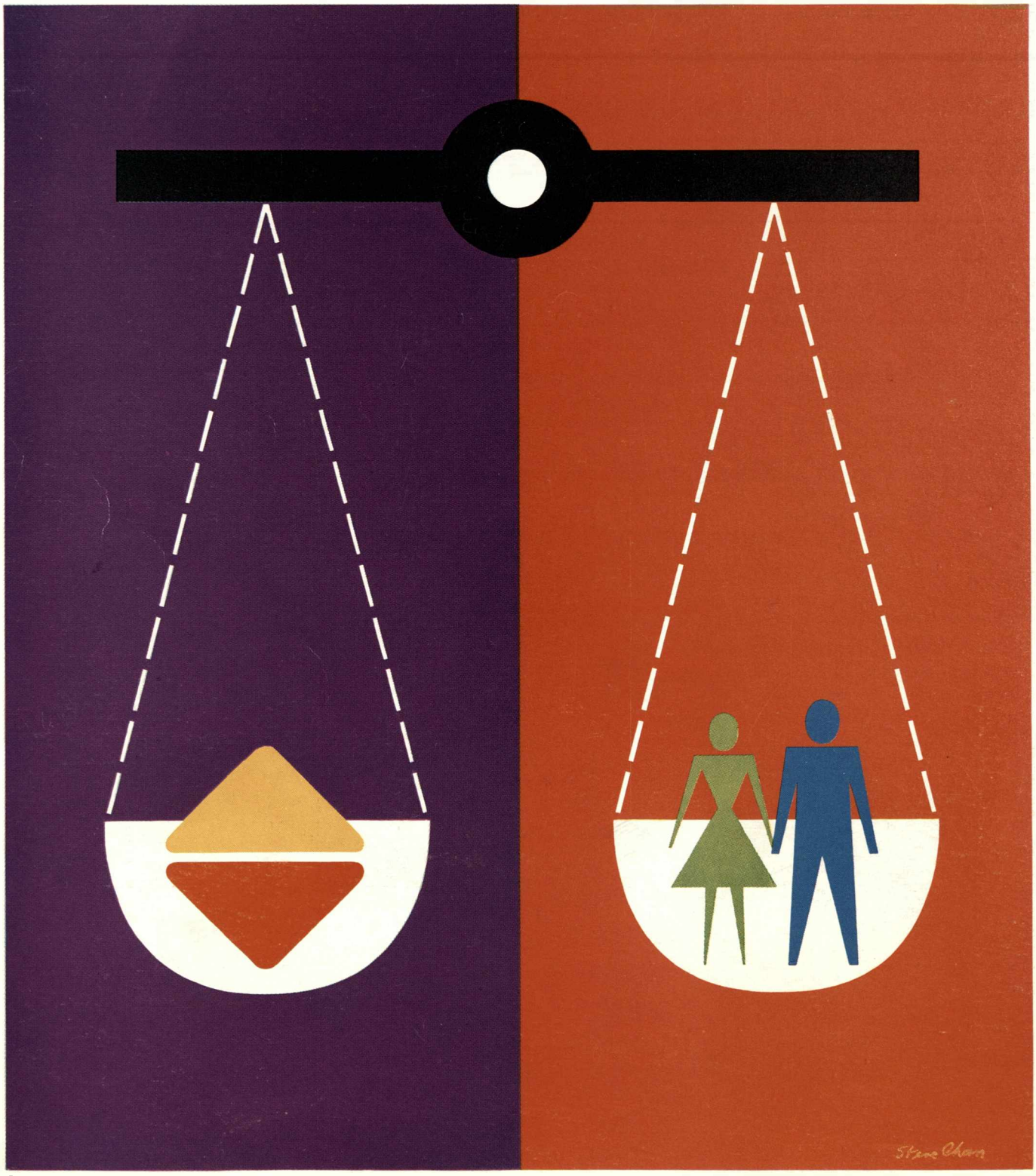

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